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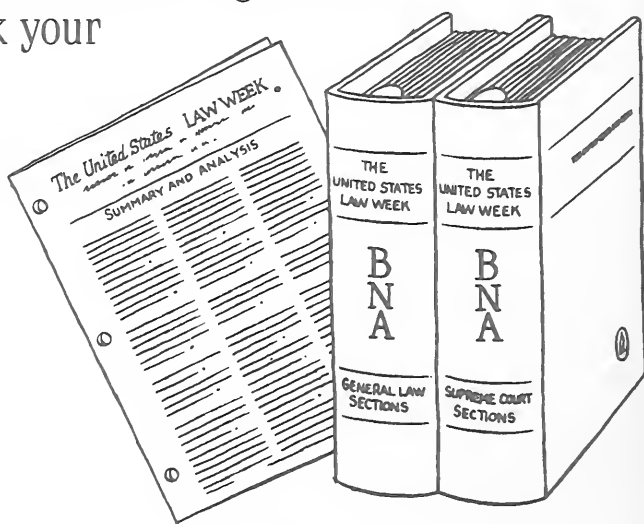
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LAWRENCE P. WILKINS, *Professor of Law*. B.A., The Ohio State University; J.D., Capital University Law School; LL.M., University of Texas.

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Emeriti

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CLEON H. FOUST, *Professor Emeritus*. A.B., Wabash College; J.D., University of Arizona.

HELEN P. GARFIELD, *Professor Emerita*. B.S.J., Northwestern University; J.D., University of Colorado.

WILLIAM F. HARVEY, *Carl M. Gray Professor of Law & Advocacy Emeritus*. A.B., University of Missouri; J.D., LL.M., Georgetown University.

MELVIN C. POLAND, *Cleon H. Foust Professor of Law Emeritus*. B.S., Kansas State University; LL.B., Washburn University; LL.M., University of Michigan.

RONALD W. POLSTON, *Professor Emeritus*. B.S., Eastern Illinois University; LL.B., University of Illinois.

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Volume 30

1996-97



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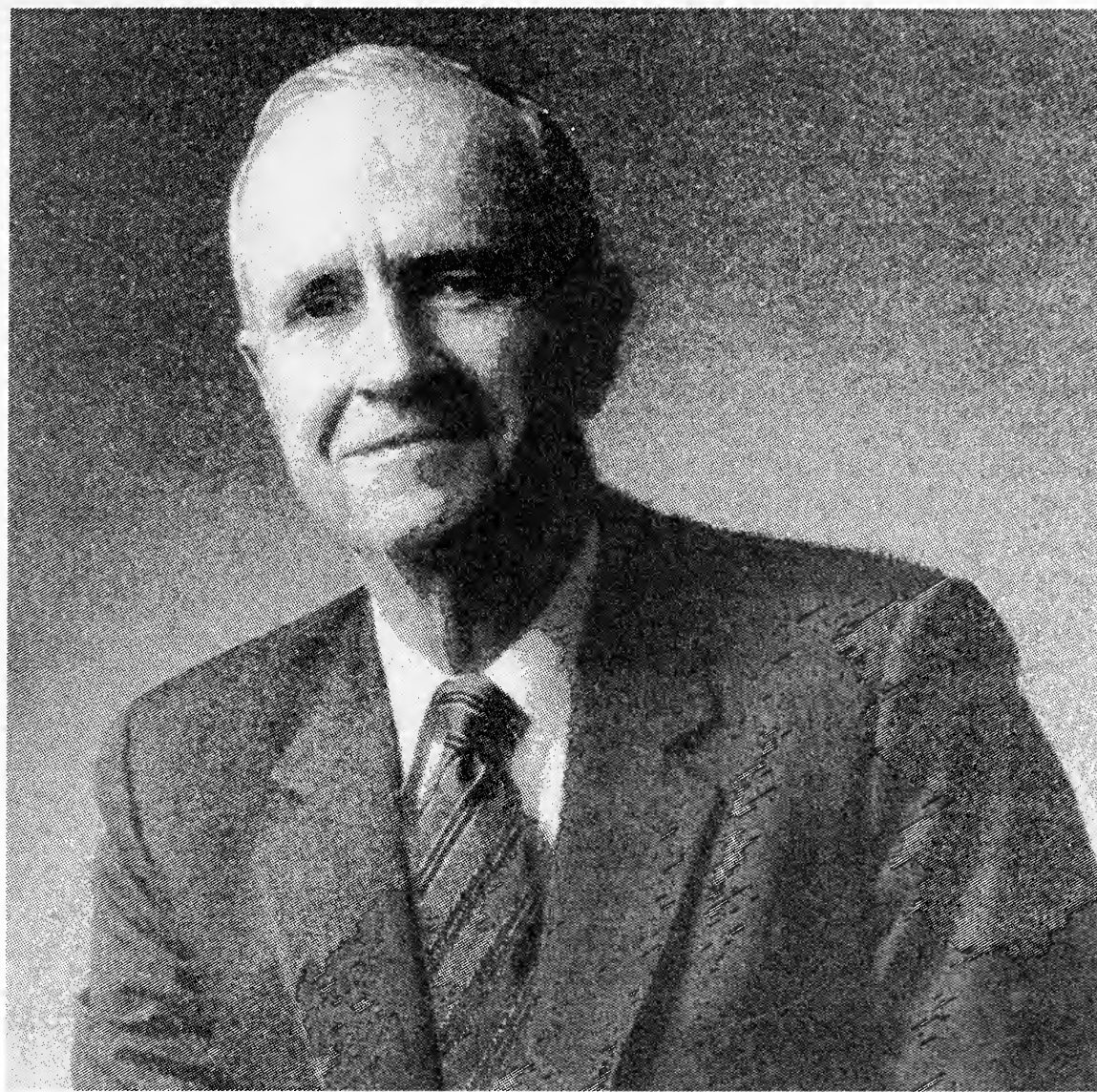
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**WILLIAM F. HARVEY
CARL M. GRAY PROFESSOR OF LAW AND ADVOCACY
RETIREMENT TRIBUTE**

Education:

University of Missouri, A.B. 1954.
Georgetown University Law Center, J.D. 1959.
Georgetown University Law Center, LL.M. 1961.

Employment:

| | |
|---------|--|
| 1957 | Research Assistant, Antitrust Division, U.S. Department of Justice. |
| 1959-60 | Law Clerk, Honorable Thomas D. Quinn, District of Columbia Court of Appeals. |
| 1960-61 | Law Clerk, Honorable John A. Danaher, U.S. Court of Appeals, District of Columbia Circuit. |
| 1962-63 | Speaker in Law and Psychiatry, The Menninger Foundation, Topeka, Kansas. |
| 1961-68 | Tenured Full Professor of Law, Washburn University, Topeka, Kansas. |
| 1968-69 | Associate Professor of Law, Indiana University School of Law—Indianapolis. |
| 1969-73 | Professor of Law, Indiana University School of Law—Indianapolis. |

- 1973-79 Dean and Professor of Law, Indiana University School of Law—Indianapolis.
1979-96 Titled Professor of Law, Indiana University: Carl M. Gray Professor of Law and Advocacy, Indiana University School of Law—Indianapolis.

Teaching and Professional Recognition: Honors Conferred

I.U. Law Student Teaching Awards:

Silver Service Award for Outstanding Teacher, 1970.
Black Cane Award for Outstanding Teacher, 1971.
Black Cane Award for Outstanding Teacher, 1981.
Black Cane Award for Outstanding Teacher, 1988.
Black Cane Award for Outstanding Teacher, 1991.
Black Cane Award for Outstanding Teacher, 1995.
Certificate of Appreciation, Evidence Class 1996
Certificate and Plaque of Appreciation, Civil Procedure II,
Spring Evening Division 1991.

Washburn University Law School Outstanding Teacher Award, 1968.

Member: *Indiana University's Rhodes and Marshall Scholarship Committee*.

Chairman of the Board of Directors, Legal Services Corporation, 1982.

Wabash College, Judge David W. Peck Medal for outstanding contributions to the law and legal profession, 1984.

Selected by President of the United States, Honorable Ronald W. Reagan, for Nomination to the U.S. Court of Appeals for the Seventh Circuit, 1985.

National Trustee, National Lawyers Association, 1995-

Indiana Continuing Legal Education Forum, Silver Pitcher & Stand, for Outstanding Years of Lecture to Attorneys of Indiana, 1996.

Appointment by Governor of Indiana, Honorable Evan Bayh, to "Council of the Sagamores of the Wabash" for outstanding contributions to the People and State of Indiana, 1996.

Professor William F. Harvey Day, Feb. 27, 1997, by Proclamation of Indianapolis Mayor Stephen Goldsmith.

Subjects Taught:

Civil Procedure I, Civil Procedure II, Evidence, Evidence Seminar, Litigation Survey/Trial Practice, Advanced Research—by arrangement.

Lecture by Invitation or Special Appointment:

Indiana State Bar Examination Review, lecturer for 23 years (1969 to 1992, 8 lectures annually).

U.S. Department of Defense Information School (American and Foreign Officers & Personnel), Fort Benjamin Harrison, Indiana (1988 & 1989).

Indianapolis Law Club (180 members) (192 lectures or 12 lectures annually, for 16 years).

Lectures, Memberships and Public Functions:

President, *Student Bar Association, Georgetown University Law Center* (1958-1959).

Staff Member, *Georgetown University Law Journal* (1958-1959).

Member, *Society of the Descendants of Washington's Army at Valley Forge*.

Member, *Sons of the American Revolution*.

State Representative (Kansas): *National Conference on Bail and Criminal Justice* (Washington, D.C. 1964).

First President, All Faculty Senate Washburn University (1967).

Member: *Indiana Supreme Court Committee on Rules of Practice and Procedure* (Vice-Chairman of Committee) (23 years, 1970 to 1993) (Committee makes recommendations to the Indiana Supreme Court on changes in practice and procedure).

Witness and Speaker: *Federal Committee on the Reform and Reorganization of the Federal Appellate Courts* (Chicago, 1975).

Witness and Speaker: *Federal Committee on the Quality of Advocacy in Federal Courts* (Devitt Committee, Chicago, 1977).

Member: *Litigation Advisory Panel, Indiana Legal Foundation* (1978-1997).

Member: *Merit Selection Review Committee for a Federal Magistrate, Southern District of Indiana* (1981).

Member: *National Advisory Committee on Accreditation and Institutional Eligibility*, to the U.S. Secretary of Education (1982).

Public Member: *Administrative Conference of the United States* (1983-1986).

Chairman: *Scholarship Committee, Honorable Cale J. Holder Memorial Trust, Indiana University Foundation* (1983-1997).

Host: *Chinese Ministry of Justice Visitation* (Indiana Host to Delegation from China's Ministry of Justice) (1984).

Guest Speaker: *Red Mass Address*, May 3, 1985, Indianapolis.

Guest Speaker: *Retirement of Mr. Justice Donald H. Hunter*, Supreme Court of Indiana, Oct. 1985.

Conferee: *Roscoe Pound and Liberty*, Liberty Fund, 3 days, Oct. 1986.

Guest Speaker: *American Enterprise Institute*, Conference on legal services, Nov. 1986, Washington, D.C.

Member (by invitation): *Indianapolis Literary Club*, (1986-1997).

Faculty Member (for State of Indiana), *Indiana Code Revision Commission* (1989-1996) (selected by nomination from the Governor of Indiana).

Member: *Indiana Supreme Court Records Management Committee* (1986-present).

Chairman: *Indiana Advisory Committee to the United States Commission on Civil Rights* (1987-1990).

Member: *Steering Committee, Titled Professors of Indiana University* (1987-1992).

Member: *Benjamin A. Rogge Memorial Trust*, Wabash College, Crawfordsville, Indiana (1988-1992).

Faculty Member (*Indiana Code Revision Commission* (1989-1996)) (selected by nomination from the Governor of Indiana).

Member: *Indianapolis Legal Aid Society, Board of Directors* (1989-1997).

Speaker, Memorial Service, Honorable James E. Noland, U.S. District Court, Dec. 11, 1992 with Governor Evan Bayh, Congressman Andy Jacobs, and others. See 816 F. Supp. LXVII (1993).

Conferee, "*The Political Thought of Jacques Maritain*" Liberty Fund Conference, Oct. 27-30, 1994.

Other Lectures, Between 1968 and 1996:

In the years between 1968 and 1996, at least four (4) lectures a year were delivered to Bar Associations or lawyer's groups, or to college students or to high school or lower level grades at schools, and to social and civic groups.

Bibliography:

National Publications:

Reporter: *Federal Judicial Center Conference for U.S. District Courts*, Washington, D.C. (Apr. 1974). See 64 F.R.D. 501 and 526 (1975).

A Proposal for Reform of Federal Judiciary and Federal Regulatory Agencies: A New Beginning, A Blueprint for Judicial Reform (Patrick B. McGuigan & Randall R. Rader, eds. Free Congress Research & Education Foundation, 1981).

Some Different Thoughts About Bakke, NAT'L REV., Feb. 3, 1978, at 151; reprinted in full in IND. ALUMNI MAG., Apr. 1978.

Rehabilitating Criminology, The Alternative: An American Spectator, Apr. 1976, at 27. (This publication is now titled, *The American Spectator*.)

The Judicial Assault on the Attorney-Client Relationship: Thoughts on the 1983 Amendments to the Federal Rules of Civil Procedure, BENCHMARK, Mar.-Apr. 1984, at 17.

Editorial, WALL ST. J., Jan. 19, 1988, at 28.

The Life and Death of the Fourteenth Amendment: Requiem for a Heavyweight, in DERAILING THE CONSTITUTION (Prof. Edward B. McLean, ed., Intercollegiate Studies Institute 1995).

Legal Publications:

Books:

1 WILLIAM F. HARVEY ET AL., KANSAS STATUTES ANNOTATED: CODE OF CIVIL PROCEDURE, RULES 101-212 (Vernon [West] 1963) (668 pages).

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5 WILLIAM F. HARVEY ET AL., KANSAS STATUTES ANNOTATED: CODE OF CIVIL PROCEDURE, RULES 501-2003 (Vernon [West] 1967) (527 pages).

6 WILLIAM F. HARVEY ET AL., KANSAS STATUTES ANNOTATED: CODE OF CIVIL PROCEDURE, RULES 2101-End (Vernon [West] 1967) (388 pages).

1 WILLIAM F. HARVEY, INDIANA PRACTICE: RULES OF PROCEDURE ANNOTATED, RULES 1-12 (West 1969) (689 pages).

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4 WILLIAM F. HARVEY & BRUCE TOWNSEND, INDIANA PRACTICE: RULES OF PROCEDURE ANNOTATED, RULES 57-85 (West 1971) (648 pages).

9 WILLIAM F. HARVEY ET AL., INDIANA PRACTICE: PROCEDURAL FORMS, (West 1972) (636 pages).

10 WILLIAM F. HARVEY ET AL., INDIANA PRACTICE: PROCEDURAL FORMS (West 1974) (611 pages).

11 WILLIAM F. HARVEY ET AL., INDIANA PRACTICE: PROCEDURAL FORMS (West 1977) (855 pages).

1 WILLIAM F. HARVEY, INDIANA PRACTICE: RULES OF PROCEDURE ANNOTATED, RULES 1-13 (West 2d ed., 1987) (787 pages).

2 WILLIAM F. HARVEY, INDIANA PRACTICE: RULES OF PROCEDURE ANNOTATED, RULES 14-33 (West 2d ed., 1987) (801 pages).

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Licensure, Credentials and Bar Membership:

Admitted to Practice:

- State of Indiana
- State of Virginia
- District of Columbia
- U.S. Supreme Court
and all lower Federal Courts

Member:

- Indiana Bar Association
- Virginia Bar Association
- District of Columbia Bar Association
- American Bar Foundation Fellow—1977 to present
- American Bar Association

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Military Service:

Lieutenant, U.S. Navy (1954-1956)

USS Boxer (CVA 21)

Task Force 77: Korea & Indochina

U.S. Naval Reserve (1950-1967)

Phi Alpha Delta Initiation
Indiana Supreme Court
October 12, 1996
**REMARKS HONORING WILLIAM F. HARVEY,
CARL M. GRAY PROFESSOR OF LAW AND ADVOCACY**

PROFESSOR JEFFREY W. GROVE*

Dean Harvey, when Phi Alpha Delta invited me to participate in this tribute to you, I decided that I would reveal nothing that might cause you discomfiture. For example, I am not going to detail your behind-the-scenes role as a senior advisor to President Clinton's re-election campaign. Nor do I intend to discuss your failed proposal to the law faculty that our students be required to complete fifty hours of Civil Procedure in order to graduate (a proposal which I, of course, supported). And, while your important service as a member of the Indiana Supreme Court Civil Rules Committee deserves mention, I see no reason to describe your mighty efforts to have the Indiana Rules of Court denominated the William F. Harvey Rules of Practice.

Ladies and gentlemen, when I joined the law faculty early in . . . well, let us say earlier in this century, Bill Harvey had been at the law school for several years. By the time I arrived, he was already emerging as a leader who would play a prominent role in guiding our school through the last quarter of its first century. He had already published the first volumes of his definitive treatise on Indiana civil practice. Within a few years of my arrival, Bill became the Dean of the law school. He labored in those administrative vineyards (or should I say, "swamps") for six years before returning to honest work as a full time law professor, and as a titled professor, no less: the Carl M. Gray Professor of Law and Advocacy.

When Bill was the Dean, it was no secret that he and I did not always see eye-to-eye on matters of law school policy. (Of course, in relations between the dean and faculty, robust differences routinely arise. I have seen this myself from both sides.) Dean Harvey was a strong leader with well-developed ideas about law and legal education. I was a young and callow fellow with developing ideas of my own. And, we were on different stems of the political spectrum. I might have been a little to Bill's left, although I no longer wore "love beads" by the time I crossed the Indiana state line on my way to Indianapolis. It is probably true that over the years I have edged a bit closer to Bill's position on the political spectrum. Bill, on the other hand, hasn't moved one inch.

Bill Harvey was, and is, a man of conviction. He has always held close to his heart the best interests of our school. He has never given ground in defending those interests within the University, and beyond. In protecting those interests, he has been unyielding; he has never flinched and never quit. As the Dean, his efforts and determination built a library collection which was the largest in the State of Indiana and among the largest twenty-five law school libraries in the United States. Perhaps even more important to our school's future was his

* Professor of Law, Indiana University School of Law—Indianapolis. A.B., 1965, Juniata College; J.D., 1969, George Washington University.

steadfast insistence that Indiana University provide us with financial support comparable to that designated for the law school in Bloomington. The result, finally, was Indiana University's pledge of parity in the allocation of resources between its two law schools. Bill Harvey's deanship was a testament to his deep faith in our school and its mission. I have heard him say more than once that our school is "the finest didactic legal institution between the Alleghenies and the Rockies." I know he meant every word of that.

I began these remarks by referencing the 1970s. But, in the words of Bill's old friend, Justice Joseph Story, the great 19th century jurist, those days now "are one with the snows of yesteryear." However, speaking of "snow" . . . I recall a day in the early '70s when Bill and Bruce Townsend and Jim Beaver—all established stalwarts on the faculty—invited me to lunch with them at Shapiro's delicatessen on McCarty Street. I was running with the big dogs! I remember talking to Bill about a book by C.P. Snow, the English academician, essayist, novelist and sometimes member of the British government. I mentioned that in his book, *The Two Cultures*, Snow had argued that the scientific culture and the literary (or artistic) culture will never fully understand each other because their different predispositions and training cause them to *think* differently. Bill's observation was something to the effect: "Well, Jeff, we're lawyers. In our culture, our job is to think like lawyers. If we do that well, we can understand differences and we can deal with them." Bill believes in the value of lawyers' work, of which he has done a fair amount. And his work as a legal educator has been animated by his commitment to the preparation and training of future lawyers.

I feel very privileged to have known Dean Harvey for these many years. I have witnessed the fidelity with which he embraces his principles and lives his values. I have seen his intellect in action. I have observed his dedication to his work, his faith in our school, his belief in his students, his devotion to his family, his loyal friendship.

Naturally, I am not alone in having observed and experienced these qualities. Perhaps no member of our faculty is better loved or more respected by our students than is Bill Harvey. No other academic lawyer in Indiana enjoys higher esteem among this state's practicing bar, or is more regularly consulted by its members. No other law professor is more often cited by the judges of Indiana's courts. And the example Bill has set as devoted husband and father, and now father-in-law and grandfather, is one that warrants praise and emulation. Of course, as his friends well know, it is impossible to exaggerate the reciprocal devotion that his wife, Gerry Harvey, has invested in the life of their family and the unstinting support she has given to her husband in all things.

Having known the "man from Missouri" for twenty-five years, I harbor only a single regret: I never got the chance to go one-on-one with Bill on a basketball court. And now, on the eve of his faculty retirement, I am afraid he is too advanced in age to match-up; at least his knees are too old. This is a joke, of course. I have seen the evidence of his former prowess--the ancient scars on his elbows which repeatedly hit the rim as he crashed the boards in his halcyon days. Even now, he would be a daunting competitor.

I am honored to have had this chance to reminisce about my good friend, and I thank Phi Alpha Delta for giving me the opportunity to join in this deserved tribute to my valued colleague.

THE END OF AN ERA

JENNIFER TRACIE MORRIS*

December 1996 will not only mark the end of a year, but it will mark the end of an era—the thirty-five-year teaching career of Professor William F. Harvey. It would take volumes to describe accurately Professor Harvey's contributions to the legal field. Even so, I will attempt to highlight the career of one of the school's most respected and amazing faculty members.

After receiving his undergraduate degree from the University of Missouri, Professor Harvey was called to active duty upon a naval aircraft carrier during the wars in Korea and Indochina. Following his tour of duty, Professor Harvey moved from California to Arlington, Virginia, with his wife, a car load of belongings, and a letter of acceptance to Georgetown University Law School. Professor Harvey's wife, Gerry, worked as a teacher while he attended law school thus enabling him to graduate in 1959. Professor Harvey was admitted to the bar in Virginia and the District of Columbia in the same year and received his LL.M. from Georgetown University in 1961. After teaching as a professor of law at Washburn University in Topeka, Kansas, Professor Harvey accepted a teaching position with Indiana University in 1968.

During his twenty-eight years with Indiana University, Professor Harvey served as Dean of the School (1973-79) and received the first endowed professorship in the law school's history as the Carl M. Gray Professor of Law. Recently, Governor Evan Bayh appointed Professor Harvey to the Council of the Sagamores of the Wabash, the highest honor the Governor can bestow. The Council of the Sagamores of the Wabash was created following World War II by Governor Gates and its members include former judges, chairmen of political parties, and the CEO of Lilly Pharmaceutical. Additionally, Professor Harvey was Chairman of the Board of the Legal Services Corporation (1982) in Washington, D.C., Vice Chairman of the Indiana Supreme Court Committee on Rules and Practice (twenty-three years), and Vice President of the Board of the Indianapolis Legal Aid Society. He was selected for nomination by President Ronald W. Reagan to the Seventh Circuit, and has authored various works such as *Indiana Trial Practice*, articles for national publications, and briefs for several important cases.

Still, for all of his accomplishments, Professor Harvey's greatest contributions have been to the students of this law school. Professor Harvey commented that "the faces and memories of so many great students, so many who have become lasting friends," have created the strongest image of the last three decades for him. William F. Harvey's contributions to the law are as numerous as his awards for those contributions.

Yet, the awards and accolades only scratch the surface with respect to who William F. Harvey is and what he has contributed during his career to the Indiana University Law School—Indianapolis. The best indicator of Professor Harvey's success are his students and the rapport that he has with them. To understand this

* J.D. Candidate, 1998, Indiana University School of Law—Indianapolis. B.A., 1994, Indiana University—Bloomington. This article was first printed in *THE DICTUM*, Nov. 1996, at 1.

rapport or, “to get a flavor for it” as Professor Harvey would say during a lecture, one need only visit one of his classes. Upon entering the class, one will see students scurrying for their notebooks, handouts, supplements, and rule books that are all essential to absorbing a “Harvey lecture.” Class promptly begins as the clock strikes the top of the hour and not a minute after, with Professor Harvey’s distinguished voice declaring, “Alright scholars, let’s begin.” The learned professor begins by introducing a topic that is difficult and complex and may take many years for the ordinary law student to master, but not to the students in his classroom. Why you ask? Professor Harvey will tell you that it is because Indiana University—Indianapolis is the “best law school in the state” with the “best students,” but don’t let him fool you. As much as we would like to pat ourselves on the back, it is the professor that makes the difference in this classroom. Just ask the students who have given Professor Harvey the “Black Cane” award for best professor on numerous occasions. Second year student Joanna Feltz notes her admiration for Professor Harvey due to “the respect he commands from his students, the great pride he takes in teaching students to become proficient lawyers, and for his unrelenting dedication to the school.”

“When I started my second year, in terms of useable lawyering tools, I had nearly an empty bag. This changed everyday in Professor Harvey’s class. Through his lectures and insights he adds effective tools and sharpens those already in my bag to a razor sharp level,” commented evidence student, Brian Gardner.

The class continues as students feverishly scribble notes and the flow of critical lecture material seems endless until finally, a pause, as Professor Harvey’s distinguished and serious voice transforms into a gentle story-telling voice that begins to depict the tale about one of our many distinguished alumni or one of the Supreme Court Justices whom he has known personally. Of course, each one of these anecdotes is relevant and lends insight to the material at hand, yet these mini-history lessons and stories of personal experiences do more than lend insight. They inject a human element into the study of law and put a recognizable face on the complex material that makes it readily understandable to the average law student.

Still, a Harvey lecture would not be complete without a few class recitations. This is no ordinary recitation of a case brief as the student called upon stands tall before his/her peers to explain the case as if he or she were presenting oral argument before the court of appeals. “When one of my friends expressed interest in law school and wanted to know what law school was like, I brought her to Harvey’s class,” commented attorney and former student, Clint Blanck. Professor Harvey’s theory behind recitation is that becoming a good lawyer starts the day that you walk into this school, and while you are here you should take advantage of every opportunity, which includes standing while reciting your case briefs. Class ends with a promise to cover more material during our next meeting as the sound of pens bouncing onto notebooks signals a sigh of relief from a student who narrowly missed having to recite before the distinguished professor on this day.

It is readily apparent after attending a Harvey lecture, that William F. Harvey loves teaching students about the wonders of the legal profession. Second year student, Sarah Fette, expressed her feeling that “Professor Harvey is such an

effective teacher because he enjoys learning so much himself. He is always reminding us that learning doesn't stop just because a class ends or we graduate from law school." Second year student, Jennifer Sullivan, also commented, "One of the things I like best about Professor Harvey is that he so obviously enjoys teaching. This comes through when he teaches, and helps make him the excellent professor that he is." Evidence student Suzette Bewley further added, "From sitting in class with Professor Harvey, the respect he has for his predecessors, his contemporaries, and the law seems obvious. Yet also evident is the respect he has for his students. To me, he represents all that is pure and noble in the law, and he is a role model for students both professionally as attorneys and personally as human beings."

Professor Harvey is currently teaching evidence, the course he believes is most important during law school. Dean Norman Lefstein stated, "Professor Bill Harvey has been one of the law school's leading teachers and scholars for many years. His classroom teaching is remembered with great admiration by literally thousands of the law school's graduates, all of whom learned their subjects better because they had Professor Harvey as their teacher." Professor Harvey explained that to become competent as a law teacher one must practice law, "but only to the extent that practice builds teaching." When asked what the most rewarding aspect of his job was, Professor Harvey responded, "The sensation or satisfaction that occurs when it seems that students understand what is being taught, and benefit or gain from it."

Unfortunately, the present first-year class will not have the opportunity to learn from Professor Harvey; his teaching career will come to an end when he turns in the grades for his evidence class. However, he advised first-year students to "totally commit [themselves] to the law, and understand that it is vastly richer than the first-year curriculum." Professor Harvey commented that law schools need to place a greater emphasis on trial practice and maintain interaction between the profession and the students.

In addition to being a member of the law school faculty, Professor Harvey served as Dean of the School of Law during the 1970s. Professor Harvey considers the improvement of the library to be one of the most significant accomplishments while he was dean. Professor Harvey noted that during the early 1970s the law library was completely inadequate; thus, when he took the position as dean, the library became a top priority. During this time, Chief Justice Norman Arterburn of the Indiana Supreme Court deposited the 11,000 volumes of the British Commonwealth Collection making it one of the best collections in the country. Through extensive buying and trading with the Library of Congress and other donations, the law library in Indianapolis was among the top twenty-three law libraries in the nation by 1979. Professor Harvey commented that being dean entails multiple administrative responsibilities within a huge state institution and stated that "every faculty member should be dean for five years because it teaches you something you would otherwise not know."

Recently, Professor Harvey added to his teaching responsibilities by working on the restoration of the history of the Indiana Law School. Professor Harvey, Professor Larry Wilkins, Professor Ron Polston, the Alumni, and the Dean worked on "restoring the magnificent history of the Indiana Law School." Professor

Harvey noted that most students are unaware of the history of the law school. He explained that two Vice Presidents, seven United States Senators, members of the House of Representatives, judges, Attorneys General have all graduated from our law school. Professor Harvey recalled graduates like Dr. John Morton-Finney, Judge Robert Staton, James V. Donadio, and Governor Ed Whitcomb among the law school's most interesting alumni.

Looking back at the twenty-eight years that he spent at this law school, Professor Harvey takes his greatest satisfaction from "The great appreciation shown [to him] by the law students and alumni, the building of a great library, and restoring the magnificent history of the Indiana Law School." Following his retirement, Professor Harvey will continue to reside in Indianapolis, a city he calls "the finest big city" in the United States, with his wife of forty years, Gerry. Professor Harvey expressed his greatest thanks and recognition to his wife, "who worked [his] way through law school by teaching school. But for her, I would never have gone to law school, become a lawyer, or a professor. I owe her simply everything." Professor Harvey's accomplishment will continue to influence students, faculty, and staff long after he is gone, but that will not prevent him from being truly missed! In closing I will leave you with the following anecdote from Professor Harvey's secretary, Lorra Schroeder:

There is one moment, that Professor Harvey was part of, that I shall never forget. The scene is just before Christmas and just after the annual "The Grinch Who Stole Christmas" TV show. My favorite "Scottish Professor" [Prof. Funk] was reciting choice lines from the show, verbatim, and at length, when Professor Harvey came out of his office to see what the racket was about, and then joined in. Not to be upstaged, the third of my favorite Professors [Prof. Karlson] popped out of his office and joined in the hubbub. Just picture three learned, distinguished, dignified Professors quoting, in unison and verbatim, the Grinch!

ARTICLES

MISSING ANALYTICAL LINK IN SUPREME COURT'S "SALTING" DECISION DISTURBS BALANCE OF UNION-MANAGEMENT RIGHTS: A CRITICAL ANALYSIS OF *NLRB v. TOWN & COUNTRY ELECTRIC*

R. WAYNE ESTES*
ANDREA E. JOSEPH**

[B]e it

RESOLVED: That the [Union] Business Manager be empowered to authorize [union] members to seek employment by nonsignatory [nonunion] contractors for the *purpose* of organizing the unorganized, and be it further

. . . .

RESOLVED: That such members, when employed by nonsignatory employees, shall *promptly and diligently carry out their organizing assignments, and leave the employer or job immediately upon notification*, and be it further

RESOLVED: That any member accepting employment by a nonsignatory employer, except as authorized by this RESOLUTION, shall be subject to charges and discipline as provided by our Constitution and By-Laws.¹

This excerpt from the International Brotherhood of Electrical Workers' (IBEW) Job Salting Resolution is typical of the commitment a union member makes when deciding to partake in a union "salting program." Salting is a process, used primarily in the construction industry, whereby the union attempts to place its paid organizers and members in the employ of a nonunion contractor or company in an effort to organize the workers or to obtain evidence sufficient to file unfair labor practice charges.²

* Professor of Law, Pepperdine University School of Law, Malibu, California.

** J.D., *summa cum laude*, 1996, Pepperdine University School of Law.

1. WACO, Inc., 316 N.L.R.B. 73, 74 (1995) (emphasis added) (quoting the Job Salting Resolution of the International Brotherhood of Electrical Workers).

2. See Sullivan Elec. Co., No. 26-CA-16107, 1995 NLRB LEXIS 82, at *4-5 (Feb. 1, 1995); Herbert R. Northrup, "Salting" the Contractors' Labor Force: Construction Unions

As the IBEW acknowledges, the term, salting, was derived from “the process of ‘salting’ mines in order to artificially enrich them by placing valuable minerals in some of the working places. The organizing potential in nonunion bargaining units is likewise artificially enriched by ‘salting’ valuable craftsmen in some of the working places.”³ Administrative Law Judge Raymond P. Green pointed out the irony of this analogy in one of his recent opinions:

The purpose of salting a mine is to defraud a prospective buyer or investor. Here, the employer is claiming that the Union’s attempt to salt the job site by inserting members on the job, is similarly a fraudulent scheme to get people on the job who do not really intend to become employees.⁴

Salting is not a new phenomenon; however, it was not until recently that local unions revived the practice in an effort to combat the steadily declining interest in union membership. Union membership in general has dropped considerably in the past few decades, and the construction industry is no exception.⁵ In response to this decline, the IBEW and other craft unions have placed great emphasis on salting and other organizing programs⁶ in an attempt to turn the tide.⁷ As the prevalence of salting campaigns increased, so did the number of unfair labor practice charges alleging that a nonunion company had discriminated against a paid union organizer by refusing to hire him in violation of section 8(a)(3).⁸ Section 8(a)(3) provides protection against employer discrimination based on union affiliation to those individuals who fall within the definition of “employee” as set forth in section 2(3) of the NLRA.⁹ Given this prerequisite, the underlying

Organizing with NLRB Assistance, 14 J. LAB. RES. 469, 469-71 (1993). In a typical salting program, the union sends its paid organizers and members to a non-union company to submit an application for employment during the company’s hiring drive. The union organizer will usually disclose up front his intention to organize the workers, thereby placing the company on notice of his union affiliation. If the company refuses to hire the organizer, the union immediately files an unfair labor practice alleging employer discrimination in violation of the National Labor Relations Act (NLRA), ch. 372, § 8(a)(3), 49 Stat. 449, 452 (1935) (codified as amended at 29 U.S.C. § 158(a)(3) (1994)). See *infra* note 8.

3. *Sullivan*, 1995 NLRB LEXIS 82, at *6.

4. *Id.* at *6 n.3.

5. See Northrup, *supra* note 2, at 469-74.

6. For a description of other tactics construction industry unions utilize in attempt to obtain new members, see *id.* at 471.

7. *Id.* at 473-75.

8. “It shall be an unfair labor practice for an employer by discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization . . .” 29 U.S.C. § 158(a)(3) (1994).

9. The definition of employee in section 2(3) is uninformative because it includes “any employee.” Additionally, the statute expressly excludes certain individuals from its definition. *Id.* § 152(3). See *infra* note 51.

issue that arose in these cases was whether a paid union organizer qualifies as an “employee” within the meaning of section 2(3).

In *NLRB v. Town & Country Electric, Inc.*,¹⁰ the Supreme Court answered this question by holding that job applicants who are paid union organizers *are* “employees” within the meaning of section 2(3). The decision received the support of all nine Justices. This unanimity, however, belies the problems with the Court’s decision. A deeper exploration of the issue and of the Court’s opinion reveals that the Court reached its conclusion by narrowing its focus to agency principles, while failing to explore the true underlying issue—whether paid union organizers qualify as bona fide applicants. This Article will analyze the status of paid union organizer-applicants as “employees” by providing a critique of the Court’s opinion and suggesting how the Court should have analyzed this issue¹¹ in light of the strong policy considerations favoring the contrary conclusion.

I. HISTORICAL BACKGROUND

Since the Supreme Court decision in *Phelps Dodge Corp. v. NLRB*,¹² the assertion that the NLRA’s protection includes applicants for employment has gone virtually unchallenged.¹³ Therefore, under section 8(a)(3), it is an unfair labor practice for an employer to discriminate against a job applicant based on the applicant’s union affiliation or the company’s anti-union animus.¹⁴ On the other hand, whether a paid union organizer-applicant qualifies as an “employee” within the meaning of section 2(3) has been a perennial source of controversy for the lower courts and the National Labor Relations Board (“NLRB” or “Board”).¹⁵

10. 116 S. Ct. 450 (1995).

11. The analysis contained in this Article applies to the situation where a paid union organizer, who fully discloses his or her union affiliation and intent to organize, attempts to gain employment with a nonunion company.

12. 313 U.S. 177 (1941).

13. This Article argues, however, that the transition from applicant to covered employee is not automatic. Before an individual can acquire employee status, the Board must first determine whether the individual qualifies as a bona fide applicant. Only after an affirmative determination as to this issue is made does the applicant deserve the protection that accompanies classification as an “employee” under the NLRA. It is this initial step in the analysis that the Board and courts often overlook, thereby leading to incorrect results. See *infra* note 75 and accompanying text. See generally Michael J. Bartlett et al., *Sunland Construction Company: Are Union Organizers Necessarily Bona Fide Applicants?*, 45 LAB. L.J. 277 (1994) (arguing that paid union organizers are not necessarily bona fide applicants entitled to protection as employees under the NLRA).

14. *Phelps Dodge*, 313 U.S. at 185-86.

15. Compare *Willmar Elec. Serv., Inc. v. NLRB*, 968 F.2d 1327 (D.C. Cir. 1992) (holding that paid union organizers are employees under the NLRA); *NLRB v. Henlopen Mfg. Co.*, 599 F.2d 26 (2d Cir. 1979) (same), and *Escada (USA), Inc. v. NLRB*, 970 F.2d 898 (3d Cir. 1992) (same), with *H.B. Zachry Co. v. NLRB*, 886 F.2d 70 (4th Cir. 1989) (holding that paid union organizers are not bona fide applicants and therefore, not employees under the NLRA); *NLRB v. Elias Bros. Big Boy*, 327 F.2d 421 (6th Cir. 1964) (same), and *Town & Country Elec., Inc. v. NLRB*, 34 F.3d

The Sixth Circuit was the first to address the issue.¹⁶ Without providing any real rationale, the court in *NLRB v. Elias Bros. Big Boy*¹⁷ held that a waitress who had worked concurrently for the union and for the defendant restaurant “was not a bona fide employee within the intent of § 2(3)”¹⁸ Ten years later, the NLRB in *Dee Knitting Mills, Inc.*¹⁹ reached a contrary result, holding that a female garment worker did qualify as a bona fide employee under section 2(3) despite her status as a paid union organizer.²⁰ In 1975, in *Oak Apparel, Inc.*,²¹ the Board reasserted its opinion that paid union organizers were bona fide employees under the NLRA. Unlike the cases that preceded *Oak Apparel*, this time the Board took the opportunity to explain, in some detail, the reasoning behind its decision. Relying on a broad interpretation of the definition of “employee,” the Board noted that the two discharged union organizers belonged to the “working class” in general, and therefore fell within the class of individuals included in the NLRA’s

625 (8th Cir. 1994) (same), *vacated*, 116 S. Ct. 450 (1995).

This debate has also surfaced in law reviews and other scholarly journals. *See generally* Bartlett et al., *supra* note 13; Judd H. Lees, *Hiring the Trojan Horse: The Union Business Agent as a Protected Applicant*, 42 LAB. L.J. 814 (1991) (examining the split in circuits regarding the status of paid union organizer-applicants as employees); Jonathan D. Hacker, Note, *Are Trojan Horse Union Organizers “Employees”? A New Look at Deference to the NLRB’s Interpretation of NLRA Section 2(3)*, 93 MICH. L. REV. 772 (1995) (analyzing the meaning of the term employee as used in section 2(3) and concluding that the courts should defer to the NLRB’s determination of employee status); Susan E. Howe, Comment, *To Be or Not To Be an Employee: That is the Question of Salting*, 3 GEO. MASON INDEP. L. REV. 515 (1995) (examining the controversy surrounding the status of paid union organizers as employees and urging Supreme Court resolution of the issue); Note, *Organizing Worth its Salt: The Protected Status of Paid Union Organizers*, 108 HARV. L. REV. 1341 (1995) (advocating the position that paid union organizers should be considered employees entitled to protection under the NLRA) [hereinafter *Organizing Worth its Salt*]; Gregory A. Rich, Note, *A Balancing of Interests: The Status of Professional Union Organizers Under the NLRA*, 73 WASH. U. L.Q. 1429 (1995) (proposing a test to resolve the uncertainty surrounding the status of paid union organizers under the NLRA); John M. Tarver, Note, *H.B. Zachry Co. v. NLRB: Paid Full-Time Union Organizer Not an “Employee”*, 50 LA. L. REV. 1211 (1990) (examining and analyzing the *Zachry* decision).

16. Although many of the cases discussed in this section involve unlawful discharge rather than refusal to hire claims, the courts often erroneously blend these two issues. Therefore, the analysis used in the discharge cases will be examined to illustrate the basic reasoning behind the courts’ holdings regarding the status of organizers as employees.

17. 327 F.2d 421 (6th Cir. 1964).

18. *Id.* at 427. Although *Elias Bros.* involved an unfair labor practice charge alleging discriminatory firing, rather than hiring of a paid union organizer, it became the first case in which a court addressed the status of paid union organizers as employees under the NLRA.

19. 214 N.L.R.B. 1041 (1974).

20. *Id.*

21. 218 N.L.R.B. 701 (1975); *see also* Anthony Forest Prods., Co., 231 N.L.R.B. 976, 977-78 (1977) (holding that paid union organizers are “employees” under the NLRA).

“employee” definition.²²

The Board’s view that paid union organizers are “employees” under the NLRA gained acceptance in the appellate courts in 1979, when the Second Circuit in *NLRB v. Henlopen Manufacturing Co.*²³ held that a “paid union infiltrator” was a bona fide employee.²⁴ In the years to follow, both the Third²⁵ and D.C. Circuits²⁶ similarly found paid union organizers to be “employees.” In contrast, both the Fourth²⁷ and Eighth²⁸ circuits held that paid union organizers do not deserve the NLRA’s protection because they were found not to be bona fide applicants and, therefore, not “employees.”

The Fourth Circuit’s decision in *H.B. Zachry Co. v. NLRB*²⁹ represents one of the most thorough judicial examinations of the status of paid union organizer-applicants under the NLRA. The *Zachry* court supported its decision that paid union organizers are not “employees” with a multitude of reasons and policy considerations. First, the court relied on what it deemed was the “plain meaning” of the term “employee”—an individual “working under the direction of a single employer.”³⁰ According to the *Zachry* court, a paid union organizer does not fit within the definition of “employee,” because the organizer is performing services for the targeted company based solely on instruction from the union and is inevitably “working for two different employers at the same time and for the same working hours.”³¹ The *Zachry* court further highlighted the fact that a paid union organizer is not a bona fide applicant for employment because his sole purpose in applying is to carry out his union organizing responsibilities.³² Failing to qualify

22. *Oak Apparel, Inc.*, 218 N.L.R.B. at 701. One commentator takes the scope of the term employee to its extreme, contending that even nonemployee union organizers (those that do not even apply) should fall within the broad definition of employee. See Robert A. Gorman, *Union Access to Private Property: A Critical Assessment of Lechmere, Inc. v. NLRB*, 9 HOFSTRA LAB. L.J. 1, 11 (1991); see also R. Wayne Estes & Adam M. Porter, *Babcock/Lechmere Revisited: Derivative Nature of Union Organizers’ Right of Access to Employers’ Property Should Impact Judicial Evaluation of Alternatives*, 48 S.M.U. L. REV. 349, 355 n.33 (1995).

23. 599 F.2d 26 (2d Cir. 1979).

24. *Id.* at 30.

25. See *Escada (USA) Inc. v. NLRB*, 970 F.2d 898 (3d Cir. 1992).

26. See *Willmar Elec. Serv., Inc. v. NLRB*, 968 F.2d 1327, 1328 (D.C. Cir. 1992).

27. See *H.B. Zachry Co. v. NLRB*, 886 F.2d 70 (4th Cir. 1989); *Ultrasystems W. Constructors, Inc. v. NLRB*, 18 F.3d 251 (4th Cir. 1994); see also *infra* notes 29-36 and accompanying text.

28. See *Town & Country Elec., Inc. v. NLRB*, 34 F.3d 625 (8th Cir. 1994), *vacated*, 116 S. Ct. 450 (1995).

29. 886 F.2d 70.

30. *Id.* at 73.

31. *Id.*

32. *Id.* The *Zachry* court was quick to point out that the distinguishing factor between a paid union organizer and a bona fide applicant does not lie in the temporary nature of a paid union organizer’s employment interest, but rather “the entire character of the future employment

as a bona fide applicant thereby removes the paid union organizer from any consideration as an employee. The court also noted that classifying a paid union organizer as a bona fide applicant under the NLRA would serve to upset the “careful balance struck by Congress” between the rights of management and those of the union.³³ Moreover, attaching employee status to job applicants who are paid union organizers could lead to the organizer obtaining greatly expanded access to company employees on company property and thus would fly directly in the face of Supreme Court precedent that protects employers from this type of union organizing effort.³⁴ Citing the same reasoning it relied on in *Zachry*, the Fourth Circuit in *Ultrasystems Western Constructors, Inc. v. NLRB*³⁵ recently reaffirmed its position that paid union organizers are not bona fide applicants entitled to protection under the NLRA.³⁶

On the other side of the coin, the D.C. Circuit, in *Willmar Electric Service, Inc. v. NLRB*,³⁷ became one of the first courts to rely upon common law agency principles to uphold a Board decision declaring paid union organizers “employees” for purposes of receiving NLRA protection. In attaching a common law meaning to the statutory use of the word “employee,” the court noted that

relationship.” *Id.* at 74. It appears that the *Zachry* court took a common sense approach by recognizing the inherent difference between an applicant who is truly interested in establishing an employment relationship and a paid union organizer who, although he may be willing to carry out his employment responsibilities, is foremost interested in accomplishing the union’s organizational goals.

33. *Id.* The careful balance that the *Zachry* court was referring to is set out in the Taft-Hartley Act:

It is the purpose and policy of this chapter, in order to promote the full flow of commerce, to prescribe the legitimate rights of *both employees and employers* in their relations, . . . to provide orderly and peaceful procedures for preventing the interference by either with the legitimate rights of the other, [and] . . . to define and proscribe practices on the part of labor and management. . . .

29 U.S.C. § 141(b) (1994) (emphasis added).

It is clear from the legislative history that Congress did not intend to favor labor over management, or vice versa, rather, it intended to strike a balance between the competing interests of both groups in an effort to provide more equality in labor relations.

34. *See NLRB v. Babcock & Wilcox Co.*, 351 U.S. 105, 112 (1956) (holding that nonemployee union organizers cannot conduct organizing activities on company property except where the employees are otherwise inaccessible to the union); *Lechmere, Inc. v. NLRB*, 502 U.S. 527 (1992) (reaffirming an employer’s right to deny the union and its nonemployee organizers access to company property except under very limited circumstances). *See infra* notes 83-86 and accompanying text.

For a further discussion of the *Zachry* opinion, see generally Lees, *supra* note 15 and Tarver, *supra* note 15.

35. 18 F.3d 251 (4th Cir. 1994).

36. *Id.* at 254.

37. 968 F.2d 1327 (D.C. Cir. 1992).

according to common law principles, “[a] person may be the servant of two masters, not joint employers, at one time as to one act, if the service to one does not involve abandonment of the service to the other.”³⁸ Therefore, a paid union organizer’s concurrent employment with both the targeted company and the union does not exclude him from the broad definition of “employee.”³⁹ Without expanding on its rationale, the *Willmar* court refused to view the *Babcock* and *Lechmere* decisions as an obstacle to a paid union organizer receiving employee status for purposes of the activity proscribed under section 8(a)(3).⁴⁰

To summarize, before the Supreme Court’s recent *Town & Country* decision, the Second, Third, and D.C. Circuits all held views consistent with the Board—that paid union organizers are “employees” deserving of protection. On the other hand, the Fourth, Sixth, and Eighth Circuits denied organizers employee status. As a result, in these circuits, organizers lacked protection under the NLRA.

II. THE *TOWN & COUNTRY* DECISION

It was in light of this unsettled backdrop that the Supreme Court granted certiorari in *Town & Country* to resolve the question of whether paid union organizers who have applied for or have actually accepted employment with a nonunion company are “employees” within the meaning of section 2(3) for purposes of an alleged section 8(a)(3) violation. Unfortunately, the unanimous decision that followed oversimplified the issue, and as a result, the Supreme Court answered the wrong question. Rather than making an initial determination of whether paid union organizers qualified as bona fide applicants, the Court focused solely on whether the organizers fell within the scope of the term “employee.” This second step proves to be irrelevant if the answer to the first issue is in the negative. Had the Court fully confronted the importance of this critical distinction, it might have reached a different result.

A. Facts

The unfair labor practice charges filed against Town & Country Electric, Inc. (“Town & Country”) arose from Town & Country’s actions during one of its hiring drives. In 1989, Town & Country received a contract to perform electrical renovations at a mill in Minnesota, thus creating the need to hire several licensed Minnesota electricians.⁴¹ To assist in its search for qualified electricians, Town & Country hired the Ameristaff employment agency, which advertised the openings

38. *Id.* at 1329-30 (quoting RESTATEMENT (SECOND) OF AGENCY § 226 (1958)). It was this same argument that prevailed in *NLRB v. Town & Country Elec., Inc.*, 116 S. Ct. 450 (1995). See *infra* notes 59-63 and accompanying text.

39. *Willmar*, 968 F.2d at 1330-31.

40. *Id.* at 1330.

41. *Town & Country Elec., Inc.*, 309 N.L.R.B. 1250, 1250 (1992), *enforcement denied*, 34 F.3d 625 (8th Cir. 1994), *vacated*, 116 S. Ct. 450 (1995).

in local newspapers.⁴² As part of its salting campaign, the IBEW sent several of its members to apply for positions with Town & Country.⁴³ When they arrived at the interview site, the eleven IBEW organizers announced their desire to apply for the job, and all but one were refused an interview.⁴⁴ Although the organizers did not openly announce their union affiliation, Town & Country suspected that they were union organizers.⁴⁵ Town & Country did interview and hire one of the paid union organizers, but he was dismissed two days after he began work.⁴⁶ The IBEW immediately filed a complaint with the Board, alleging that Town & Country had violated sections 8(a)(1)⁴⁷ and (3)⁴⁸ of the NLRA by refusing to interview (or retain) its paid union organizer-applicants.⁴⁹

B. Procedural History

The Board, affirming the Administrative Law Judge's ruling, held that the paid union organizer-applicants were "employees," regardless of their intent to organize Town & Country.⁵⁰ The Board cited three primary reasons for reaching its conclusion. First, in the Board's opinion, the plain language and meaning of section 2(3) encompasses paid union organizers, as evidenced by the fact that they are not listed among those expressly excluded from the NLRA's coverage.⁵¹ Second, the Board cited common law agency principles as supporting a broad reading of section 2(3) by noting that "paid union organizers cannot be excluded from the definition of 'employee' on the basis that they are paid by their union as well as by the employer they are attempting to organize."⁵² The Board's reliance on common law agency principles appears to have played a role in framing the issue as it worked its way up to the Supreme Court. Lastly, the Board relied on its own precedent, citing those cases in which it had previously held that paid union

42. *Id.* at 1250-51.

43. *Id.* at 1251.

44. *Id.* at 1251-52.

45. *Id.* at 1251.

46. *Id.* at 1251-52.

47. 29 U.S.C. § 158(a)(1) (1994). Section 8(a)(1) makes it an unfair labor practice for an employer "to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed" in section 7. *Id.* In turn, section 7 rights include the right "to self-organization, [and] to form, join, or assist labor organizations" *Id.* § 157.

48. For a description of section 8(a)(3), see *supra* notes 8-9 and accompanying text.

49. *NLRB v. Town & Country Elec., Inc.*, 116 S. Ct. 450, 452 (1995).

50. *Town & Country*, 309 N.L.R.B. at 1250.

51. *Id.* at 1253. Those excluded from the NLRA's coverage include: agricultural laborers, domestic servants, individuals employed by their parent or spouse, independent contractors, supervisors, and individuals employed by an employer subject to the Railway Labor Act. 29 U.S.C. § 152(3) (1994). This list is not exclusive, as it provides that the exclusion additionally applies to individuals employed by "any other person who is not an employer as defined herein." *Id.*

52. *Town & Country*, 309 N.L.R.B. at 1254.

organizer-applicants are “employees” under the NLRA.⁵³

On appeal, the Eighth Circuit reversed the Board’s decision, finding that paid union organizer-applicants were not employees entitled to protection under the NLRA.⁵⁴ The Eighth Circuit’s reasoning was also stated in terms of common law agency principles, but its analysis led to a contrary result.⁵⁵ The appellate court found that an inherent conflict of interest exists when an individual is under the strict control of a union, while simultaneously performing duties for a nonunion company.⁵⁶ Under the court’s reasoning, this conflict destroys the organizer’s status as an “employee” of the nonunion company, as well as the organizer’s right to protection.⁵⁷

C. Supreme Court Decision

Justice Breyer, writing for a unanimous Court, defined the issue as “[Whether] a worker [can] be a company’s employee, within the terms of the National Labor Relations Act if, at the same time, a union pays that worker to help the union organize the company?”⁵⁸ Following the Board’s lead, the Court answered this question through an analysis of common law agency principles.⁵⁹ As did the lower courts, the Court quoted section 226 of the Restatement (Second) of Agency, which states in part, “A person may be the servant of two masters . . . at one time as to one act, if the service to one does not involve abandonment of the service to the other.”⁶⁰ Relying on what it deemed “common sense,” the Court concluded that because a paid union organizer remained under the company’s control during

53. *Id.* at 1255.

54. *Town & Country Elec., Inc. v. NLRB*, 34 F.3d 625, 629 (8th Cir. 1994), *vacated*, 116 S. Ct. 450 (1995).

55. *Id.* at 628-29. The court cited sections 226, 387 and 394 of the Restatement (Second) of Agency. Collectively, these sections outline an agent’s duty of loyalty owed to an employer while under his employ. “[A]n agent is subject to a duty not to act or agree to act during the period of his agency for persons whose interests conflict with those of the principal in matters in which the agent is employed.” RESTATEMENT (SECOND) OF AGENCY § 394 (1958). Although the court of appeals recognized that a “typical job applicant” could simultaneously perform services for two employers without violating his duties under the Restatement, the court did not feel that a paid union organizer was a “typical job applicant.” *Town & Country*, 34 F.3d at 628-29. *See also* H.B. Zachry Co. v. NLRB, 886 F.2d 70, 73 (4th Cir. 1989) (holding that paid union organizers are not bona fide applicants). Under the union’s salting resolution, paid union organizers were required to “promptly and diligently carry out their organizing assignments, and leave the employer or job immediately upon notification.” *Town & Country*, 34 F.3d at 629. The court of appeals found this strict union control over the organizer to be inconsistent with a finding of an employer-employee relationship between the organizer and the nonunion company. *Id.*

56. *Town & Country*, 34 F.3d at 628-29.

57. *Id.*

58. *NLRB v. Town & Country Elec., Inc.*, 116 S. Ct. 450, 452 (1995) (citation omitted).

59. *Id.* at 454-57.

60. *Id.* at 456 (quoting RESTATEMENT (SECOND) OF AGENCY § 226 (1958)).

working hours, concurrently being paid by the union to organize—a protected activity under the NLRA⁶¹—does not involve abandonment of service to the company.⁶² Using the common law definition of the word, “employee,” the Court held that paid union organizers do constitute “employees” under the NLRA.⁶³ The Court was careful to highlight, however, that its decision was limited to construing section 2(3),⁶⁴ and was not intended as an expression of any views on whether Town & Country had committed an unfair labor practice by refusing to hire the paid organizers.⁶⁵

61. Under section 7 of the NLRA, an employee is guaranteed “the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining” 29 U.S.C. § 157 (1994). In other words, an employee has the right to conduct organizing activities, as long as he or she does not violate employer rules prohibiting solicitation and/or distribution in work areas during working hours.

62. *Town & Country*, 116 S. Ct. at 456.

63. *Id.* at 457. This decision has been consistently followed by the Board. *See, e.g.*, Quality Control Elec., Inc., 323 N.L.R.B. No. 29, 1997 WL 96559, at *2 n.8 (Feb. 27, 1997) (citing *Town & Country* for proposition that salts are per se bona fide applicants); TEC Elec., Inc., 322 N.L.R.B. No. 147, 1997 WL 9818, at *6 (Jan. 9, 1997) (affirming ALJ finding that salts were bona fide applicants for employment); Arrow Flint Elec. Co., 321 N.L.R.B. 1208, 1209 (1996) (holding that union organizer was an employee entitled to protection under the NLRA). *But see id.* at 1210 (Cohen, M., dissenting) (distinguishing *Town & Country* based on ALJ’s finding that union organizer never intended to work for company as did organizer in *Town & Country*).

64. The Court noted that its decision that paid union organizers were employees did not automatically grant the organizers the same status as other employees with respect to other labor issues, such as the right to vote. *Town & Country*, 116 S. Ct. at 457. The Court hinted that paid union organizers might fail to satisfy the “community of interest” standard which must be met for them to be included in the same bargaining unit as other employees. *Id.*

For a complete explanation of the community of interest standard, see Francis M. Dougherty, Annotation, “*Community of Interest*” Test in NLRB Determination of Appropriateness of Employee Bargaining Unit, 90 A.L.R. FED. 16 (1988). *See generally* NLRB v. Action Automotive, Inc., 469 U.S. 490 (1985); NLRB v. Illinois-American Water Co. S. Div., 933 F.2d 1368 (7th Cir. 1991); NLRB v. Catherine McAuley Health Ctr., 885 F.2d 341 (6th Cir. 1989).

65. *Town & Country*, 116 S. Ct. at 457. *Town & Country*’s companion case, *Sunland Construction Co., Inc.*, 309 N.L.R.B. 1224 (1992), which has since been settled, illustrates this point. Although the Board in *Sunland* found that the union organizers were “employees” within the meaning of the NLRA, it held that Sunland did not commit an unfair labor practice by refusing to hire the paid union organizers. *Id.* at 1229. The Board created an exception to a section 8(a)(3) violation where paid union organizers apply for a job during a strike.

In our experience, when a company is struck it is not “business as usual.” The union and employer are in an economic battle in which the union’s legitimate objective is to shut down the employer in order to force it to accede to the union’s demands. The employer’s equally legitimate goal is usually to resist by continuing production, often with nonunit employees, nonstrikers, and replacements. Thus, an employer faced with

III. CRITIQUE OF THE SUPREME COURT'S DECISION

At the beginning of the Court's opinion, Justice Breyer noted: "We granted certiorari to decide only that part of the controversy that focuses upon the meaning of the word 'employee'" ⁶⁶ Unfortunately, by focusing so intently on this question, the Court overlooked the more important underlying issue of whether paid union organizers qualify as bona fide applicants. This initial inquiry is vital to an accurate analysis of the legal status of paid union organizers. In bypassing this stage of analysis, the Court made the answer to this primary inquiry appear much clearer than it truly is.

Once the Court narrowed its purpose solely to defining the term "employee," it fell into its "strict constructionist" mode, assigning great importance to the express language of the statute. ⁶⁷ Because the text of the statute does not provide much insight into the term's intended scope, ⁶⁸ the Court turned to common law agency principles to supply the appropriate boundaries. ⁶⁹ In its analysis, the Court relied on the definitions provided in the Restatement (Second) of Agency, which in the Court's view were consistent with a finding that paid union organizers are "employees." ⁷⁰ However, the Court's emphasis on the Restatement's agency

a strike can take steps aimed at protecting itself from economic injury. For example, an employer can permanently replace the strikers, it can lock out the unit employees and it can hire temporary replacements for the locked-out employees. Consistent with these principles, we believe that the employer can refuse to hire, during the dispute, an agent of the striking union.

Id. at 1230-31 (footnotes omitted).

Therefore, the *Town & Country* holding does not automatically provide the union with a successful unfair labor practice charge. The Board must make a separate finding that the company violated section 8(a)(3). The Court's holding simply brings paid union organizers within the class of employees protected from the unlawful activity proscribed by the NLRA. Except in limited circumstances, however, this finding is likely to be fatal for a nonunion employer defending against an unfair labor practice charge. See *infra* notes 94-96 and accompanying text.

66. *Town & Country*, 116 S. Ct. at 453.

67. *Id.* at 453-54.

68. See *supra* note 9.

69. *Town & Country*, 116 S. Ct. at 455-56.

70. *Id.* at 456. The Restatement provides that an agent may be a servant of two masters at the same time as long as service to one does not involve abandonment of the service to the other. RESTATEMENT (SECOND) OF AGENCY § 226 (1958). To exemplify its position that a paid union organizer fits within this definition, the Court stated:

Common sense suggests that as a worker goes about his *ordinary* tasks during a working day, say, wiring sockets or laying cable, he or she *is* subject to the control of the company employer, whether or not the union also pays the worker. The company, the worker, the union, all would expect that to be so. . . . [T]hat union and company interests or control might *sometimes* differ should make no difference.

Town & Country, 116 S. Ct. at 456 (emphasis in original).

principles was misplaced⁷¹ and premature. The Court's initial focus should have been on the status of paid union organizers as bona fide applicants.

Although it was easy for the Court to quickly dispose of the issue by hiding behind the guise of strict constructionism, the Court was not truly "strictly construing" the language of the statute in affirming the Board's broad definition of the term "employee." Section 2(3) does not expressly include applicants for employment within its language.⁷² The Court made this intermediary step by citing *Phelps Dodge Corp. v. NLRB*⁷³ for the proposition that the "statutory word 'employee' includes job applicants"⁷⁴ A closer examination of the *Phelps Dodge* decision, however, reveals that nowhere in the opinion does the Court grant applicants automatic employee status. Unfortunately, most courts since *Phelps Dodge* have equated the two without much, if any, hesitation.⁷⁵ In doing so, these courts, like the Supreme Court in *Town & Country*, have misconstrued the real principle espoused in *Phelps Dodge*—that "the Act prohibits discriminatory hiring as well as firing."⁷⁶

In most situations, a job applicant (if bona fide) will be entitled to the NLRA's protection; however, this assumption should not be automatic. Applicants and employees possess important distinguishing characteristics which justify their distinct treatment when determining their right to protection. For example,

71. The accuracy of the Court's reliance on the Restatement is questionable in that the Restatement itself provides, in section 2(d), that its definition of the term "servant," although often equated with the statutory word "employee," should not be used in interpreting those statutes that do not include a statement that specifically indicates that in interpreting the statute, an employee is a servant in the common law meaning. The Restatement notes: "The rules as to these matters [including fair labor practices] are beyond the scope of the Restatement of this Subject." RESTATEMENT (SECOND) OF AGENCY § 2(d) (1958). "These matters" include legislation involving social security, unemployment insurance, *fair labor practices*, and similar matters. *Id.* In light of this language, reference to the Restatement in interpreting the meaning of the term "employee" as used in section 2(3) is inappropriate.

72. In fact, it seems to expressly *exclude* job applicants. An applicant seeks to *become* an employee and is only granted the NLRA's protection through the application of the *Phelps Dodge* principle. See *infra* note 76 and accompanying text.

73. 313 U.S. 177 (1941).

74. *Town & Country*, 116 S. Ct. at 452 (citing *Phelps Dodge*, 313 U.S. at 185-86).

75. See *Town & Country Elec., Inc. v. NLRB*, 34 F.3d 625, 627 (8th Cir. 1994) ("Applicants for employment . . . have long been considered to be employees under the Act."), *vacated*, 116 S. Ct. 450 (1995); see also *Willmar Elec. Serv., Inc. v. NLRB*, 968 F.2d 1327, 1329 (D.C. Cir. 1992) ("First, it makes no difference that Hendrix [the paid union organizer] was not working for Willmar at the time of the alleged unfair labor practice. Applicants for employment are considered 'employees' under the Act."); *Sunland Constr. Co.*, 309 N.L.R.B. 1224, 1225 (1992) ("We begin our analysis recognizing that applicants are 'employees.'"). But cf. *Utah Constr. Co.*, 95 N.L.R.B. 196, 203-04 n.19 (1951) (hinting that if the organizer's application was not made in good faith, he would not be considered an applicant entitled to employee status).

76. Bartlett et al., *supra* note 13, at 281.

although “an applicant can insist on the right to be considered for employment on nondiscriminatory basis, . . . he or she does not enjoy all the accoutrements of employment that an employee does, such as salary, vacations, seniority, health and pension benefits, and a grievance and arbitration system.”⁷⁷ Both the Board and the Supreme Court have recognized this distinction in numerous other aspects of labor and employment law.⁷⁸

Taking the analysis one step further, when independently examining an individual’s status as an applicant, only those applicants that the Board finds to be “bona fide” deserve the NLRA’s protection. Paid union organizers do not fall into this category. Although the term “bona fide” is not defined anywhere in the NLRA, its meaning can be ascertained through a combination of common sense and reference to prior case law. Black’s Law Dictionary defines “bona fide” as: “In or with good faith; honestly, openly, and sincerely; without deceit or fraud. Truly; actually; without simulation or pretense.”⁷⁹ In *Zachry*, the Fourth Circuit took a common sense approach in denying bona fide status to a paid union organizer:

[I]t would be disingenuous to say that Edwards [the paid union organizer] was a job applicant in the ordinary sense of the word. Edwards was not in search of a job; he already had and would continue to have that. Edwards was looking for entry to the Zachry plant in order to fulfill his duties as an organizer.⁸⁰

The Board, as well as several Administrative Law Judges and the General Counsel, have additionally addressed the issue of what constitutes a “bona fide” applicant.⁸¹ The sentiment drawn from these cases is that an applicant will not be

77. *Id.* at 282.

78. *See id.* at 283-84 (describing the other areas of labor and employment law that treat applicants and employees separately). Some of the contexts in which the courts and Board have distinguished between applicants and employees include: Title VII claims, drug testing cases, Fourteenth Amendment claims brought by state employees, and collective bargaining cases. *Id.*

79. BLACK’S LAW DICTIONARY 177 (6th ed. 1990) (citations omitted).

80. *H.B. Zachry Co. v. NLRB*, 886 F.2d 70, 73 (4th Cir. 1989) (holding that paid union organizers are not bona fide applicants and therefore not employees within the meaning of section 2(3)).

81. *See, e.g., WACO, Inc.*, 316 N.L.R.B. 73, 75 (1995), stating:

[T]he conditions of employment imposed by the Union under the terms of the Salting Resolution negate the possibility of any bona fide employer-employee relationship between the [company] and the union member job applicants, specifically because it is the Union, not the employer and not the employee who has complete discretion to determine the duration of the employer-employee relationship.

G.A. Dress Co., 225 N.L.R.B. 60, 68 (1976) (“A status of ‘applicant’ presupposes a reasonable bona fides in seeking work. Here, [the union members] were mere *agents provocateurs*. This status of provocateur . . . ought to be distinguished from an employee who may be both a provocateur and is actually performing unit work.”); *Peter Kiewit Sons, Inc.*, Gen. Couns. Adv. Mem., Case No. 17-

considered “bona fide” if he lacks a good faith intent to establish an employer-employee relationship or if he is seeking a job, either under the insistence and control of the union, or in order to cause disruption or financial hardship for the nonunion employer.⁸²

Returning to the Salting Resolution cited at the beginning of this Article, it becomes clear that paid union organizers do not qualify as bona fide applicants. A paid union organizer’s primary motivation in applying for a job with a nonunion company is to organize the employees. In fact, outside of the terms of the Salting Resolution, union members are prohibited from accepting employment with a nonunion company. Once a paid union organizer obtains nonunion employment, the express terms of the Salting Resolution mandate that the organizer immediately terminate his employment with the nonunion company upon instruction from the Union Business Manager. Organizers are under the strict control of the union and are subject to fines and expulsion if they do not abide by the resolution. Therefore, paid union organizers should not be considered bona fide applicants, because their obligations under the Salting Resolution prevent them from exhibiting a good faith intent to enter into a “normal” employer-employee relationship. In failing to address this critical issue, the Supreme Court in *Town & Country* missed a vital link in its chain of analysis, thereby producing an erroneous result.

CA-12474, 1985 NLRB GCM LEXIS 60, at *3 (Apr. 26, 1985) (defining a bona fide applicant as “someone who approaches an employer with a genuine desire to become employed”).

82. A recent article suggested the following factors for determining whether an individual qualifies as a “bona fide” applicant:

(1) Can the organizer remain in the targeted company’s employ at his own discretion (bona fide), or can the union require the organizer to leave the job at or before the conclusion of the organizing campaign (not bona fide)?

(2) Does the union retain any authority to direct when or how the organizer performs work for the employer (for example, the authority to order the organizer to slow down, file safety complaints, walk off the job, commit acts of sabotage, etc.)? If so, the applicant is not a bona fide employee.

(3) Has the organizer applied at the union’s instigation (not bona fide) or his own (bona fide)?

(4) Does the organizer demonstrate any indicia of personal motivation for working for the targeted employer (bona fide)? What is the credibility of those indicia?

(5) Does the evidence indicate that the union or the organizer is attempting to entrap the employer into conduct over which the union intends to file charges of illegality with the Board or some other enforcement agency (not bona fide)?

Bartlett et al., *supra* note 13, at 288.

IV. *LECHMERE* ANOMALY

The *Town & Country* decision raises additional concerns because it conflicts with well-established Supreme Court precedent. In *Lechmere, Inc. v. NLRB*,⁸³ the Supreme Court endorsed the *Babcock* doctrine, which clearly distinguished between the rights of employees and non-employees to enter company property in an attempt to organize nonunion employees.⁸⁴ Under *Lechmere*, non-employees of a company, namely unions and their organizers, must use means other than entry onto the employer's property to accomplish their organizing goals.⁸⁵ By completely ignoring the fundamental distinction between applicant and employee, *Town & Country* allows unions to circumvent the *Lechmere* restriction by simply having their salts apply for a position with a targeted nonunion company. Although the Court's decision does not automatically grant organizer-applicants complete access to company property, if the Board reinstates a dismissed organizer-employee or compelled the company to hire the organizer-applicant, not only will the union organizer be allowed on company property for the express purpose of organizing the employees, the organizer will have direct access through the employment office to reach the employees *inside* the company's workplace.⁸⁶ Essentially, *Town & Country* permits unions to accomplish indirectly what *Lechmere* prevents them from doing directly.

It is interesting to note that in *Lechmere*, the Court focused on the rights of the union when the true focus should have been on the underlying rights of the employees.⁸⁷ In contrast, the *Town & Country* Court focused its attention on the rights of employees when the more appropriate focus would have been on the rights of the union. Had the Court shifted its attention to the union, it would have realized that its decision upset the delicate balance established by Congress, through the NLRA, with respect to the competing interests of labor and management. Rather than placing labor and management on equal footing, *Town & Country* could swing the pendulum in favor of organized labor, a result that is

83. 502 U.S. 527 (1992).

84. *Id.* at 535-38; *see also* *NLRB v. Babcock & Wilcox Co.*, 351 U.S. 105 (1956).

85. An exception to this rule applies when the employees are otherwise inaccessible to the union. If the union can show that "unique obstacles" exist making their reasonable attempts to communicate organizing information to employees ineffective, the court will, in very limited circumstances, allow the union access to company property. *Lechmere*, 502 U.S. at 535

86. Under *Town & Country*, by merely submitting an application for employment and without the slightest change in objective or motive, the same people who in *Babcock* and *Lechmere* were considered trespassers and denied access to company property become "employees" for purposes of an alleged section 8(a)(3) violation. *See supra* Part II.C. Depending on the Board's remedy, this "employee" status has the potential of providing the organizer virtually unrestricted access to company property.

87. *Estes & Porter, supra* note 22, at 358-59 ("While the Court may refer in short-hand fashion to the 'rights' of union organizers . . . it is, in fact, referencing the underlying rights of the employees under the NLRA.").

inconsistent with the policies and intent of the NLRA.⁸⁸ As previously discussed, the decision further serves to blur the well recognized distinction between the rights of employees and nonemployees.⁸⁹

V. *WRIGHT LINE* ANALYSIS

As the Court noted in *Town & Country*, a finding that organizer-applicants are protected "employees" does not automatically result in a successful unfair labor practice charge.⁹⁰ Once the court validates an organizer-applicant's status as an "employee," the employer's actions with respect to that employee (refusing to hire or firing the organizer) are examined using a *Wright Line*⁹¹ analysis to determine

88. See Rich, *supra* note 15, at 1451-52, stating:

Congress did not intend for the Act to further only the interests of labor; it should further the interests of management as well. With the passage of the NLRA, Congress hoped to create stability in labor relations, recognizing that any disruptions could have a detrimental effect on interstate commerce. Although management had an advantage over labor before Congress enacted the NLRA, providing unions with an unrestrained right to organize would tip the scales in favor of labor and maintain the preexisting instability. Each side must be given an equal amount of power in order to create a peaceful balance.

(footnotes omitted). See also *supra* note 33 and accompanying text.

89. See *supra* notes 83-86 and accompanying text.

90. See *supra* notes 64-65 and accompanying text. Member Raudabaugh noted this same distinction in his concurring opinion in the *Sunland* Board decision:

Without necessarily endorsing the entire rationale, I agree with my colleagues that paid union organizers are employees within the meaning of Section 2(3) of the Act. However, it does not necessarily follow that the employer's refusal to hire a paid union organizer is unlawful under Section 8(a)(3). In order to establish a violation of that section, it must be established that the employer's action was unlawfully motivated.

Sunland Constr. Co., 309 N.L.R.B. 1224, 1232 (1992) (Raudabaugh, M., concurring). Member Raudabaugh went on to note that if an employer had a nondiscriminatory policy of refusing to hire employees who additionally work for another employer, whether simultaneously or as "moonlight" employment, then that employer "could lawfully refuse to hire a paid union organizer." *Id.* at 1233.

This thinking was partially undermined by the recent Board decision in *Tualatin Elec., Inc.*, 319 N.L.R.B. 1237 (1995) where the Board held that the company's "moonlighting" policy which prohibited employees from being paid by anyone other than the employer was an unfair labor practice. *Id.* at 1237. In making this determination, the Board relied on the Administrative Law Judge's finding that although the policy was neutral on its face, there was an abundance of evidence "indicating that the moonlighting policy was adopted primarily as a result of the [company's] antiunion animus." *Id.* Therefore, it appears that a "moonlighting" policy may still be a viable defense to an unfair labor practice charge. However, the company must overcome the strong inference that arises during a union salting campaign—that its actions were based on antiunion animus. Without a showing that the policy was completely nondiscriminatory, the company will once again fail to meet its burden.

91. *NLRB v. Wright Line*, 662 F.2d 899 (1st Cir. 1981), approved in *NLRB v.*

if the company's conduct constitutes an unfair labor practice. Under *Wright Line*, once the General Counsel makes a prima facie showing⁹² that the company's actions were based in whole or in part on the employee's union affiliation or the company's anti-union animus, the burden shifts to the employer. The employer must then rebut this inference of impropriety by proving that it would have taken the same course of action regardless of the employee's union activities or the company's anti-union sentiment.⁹³

Applying this test to an employer that is the target of a salting campaign will inevitably lead to disastrous results for the company. By openly declaring their union affiliation during the application stage, organizers provide a very large hurdle for the employer to overcome. The organizer's "announcement" normally provides sufficient evidence to allow the General Counsel to meet its initial prima facie showing.⁹⁴ The employer is thereafter faced with the virtually insurmountable burden of rebutting the organizer's contention that the company's decision was based on the organizer's union affiliation.⁹⁵ Unless numerous other

Transportation Management Corp., 462 U.S. 393 (1983).

92. The standard of proof imposed upon the General Counsel is a preponderance of the evidence. *Id.* at 904.

93. *Id.* at 902, 904-05; see also *Transportation Management*, 462 U.S. at 401-02.

94. See *Organizing Worth its Salt*, *supra* note 15, at 1345 n.38, stating:

The Board has observed that an applicant who clearly indicates that he is a . . . union organizer "explicitly places the employer on notice that he will try to exercise his statutorily protected right to organize his fellow employees." *Flour Daniel, Inc.*, 311 N.L.R.B. 498, 500 (1993). Thus, the employer cannot contest the General Counsel's prima facie showing and bears the burden of proving that a legitimate cause justified the refusal to hire.

95. See, e.g., *Pan American Elec., Inc.*, No. 26-CA-16607, 1996 NLRB LEXIS 199 (Apr. 4, 1996). As Administrative Law Judge Lawrence W. Cullen concluded, the burden proved too heavy for Pan American to overcome: "I . . . find that Respondent [Pan American] has failed to rebut the prima facie case established by the General Counsel and has failed to prove that it would have refused to permit [the union applicants] to file applications and would have refused to hire them in the absence of the unlawful motive." *Id.* at *23. The Eighth Circuit, on remand in *Town & Country*, affirmed a similar ruling by the ALJ. See *Town & Country Elec., Inc. v. NLRB*, 106 F.3d 816, 820 (8th Cir. 1997).

In *Bat-Jac Contracting, Inc.*, 320 N.L.R.B. 891 (1996), the Board applied *Wright Line* to union charges of unlawful refusal to hire and wrongful discharge of union members, post-*Town & Country*. Although the discriminatee who was denied employment was not a paid union organizer, he did announce his union membership at the interview pursuant to a union salting campaign. Based on his union affiliation, Bat-Jac refused to hire him. As a result, the Board charged Bat-Jac with a violation of sections 8(a)(1) and (3). *Id.* With regard to the unlawful discharge allegations, the Board affirmed the Administrative Law Judge's application of *Wright Line* and his finding that Bat-Jac did not satisfy "its burden of demonstrating that the 'same action would have taken place even in the absence of the protected conduct.'" *Id.* at 893. See also *Quality Control Elec., Inc.*, 323 N.L.R.B. No. 29, 1997 WL 96559, at *1 (Feb. 27, 1997) (affirming ALJ's finding that the company

equally qualified nonunion applicants also applied for the position, the employer will most likely be unsuccessful in overcoming this burden.⁹⁶ As a result, the nonunion company will be found guilty of the alleged unfair labor practice and forced to comply with time consuming and often costly court orders, which can include reinstatement or compelled employment of the paid union organizer.

VI. APPLICATION TO THE CONSTRUCTION INDUSTRY

The construction industry is in a class of its own when it comes to labor law. In recognition of the fact that short-term projects are the norm in the construction industry, Congress enacted special laws to cover labor relations within the construction industry. Most notably, section 8(f) of the Labor Management Relations Act ("LMRA")⁹⁷ allows construction industry employers to "execute bargaining agreements [known as prehire agreements] with bona fide unions prior to the actual employment of employees, without running afoul of NLRA prohibitions against employers giving unlawful support and assistance to labor unions."⁹⁸ "The importance of these special rules for the construction industry is that they permit the establishment of bargaining relationships and bargaining units before . . . construction unions have shown that they represent . . . a majority of a contractor's work force."⁹⁹ The construction industry enjoys other privileges not available in the typical labor-management setting;¹⁰⁰ however, construction

violated section 8(a)(3) by denying employment to four union job applicants); Greg Murrieta, 323 N.L.R.B. No. 14, 1997 WL 93607, at *5 (Feb. 27, 1997) (reversing ALJ's dismissal of section 8(a)(3) allegations for lack of prima facie case and remanding for determination of whether company presented a successful *Wright Line* defense); TEC Elec., Inc., 322 N.L.R.B. No. 147, 1997 WL 9818, at *6 (Jan. 9, 1997) (affirming the ALJ's finding that the company violated section 8(a)(3) when it refused to hire two union organizers who openly expressed their intention to engage in organizing activity).

96. See, e.g., H.B. Zachry, 319 N.L.R.B. 967 (1996). In reviewing the Administrative Law Judge's finding that Zachry had violated sections 8(a)(1) and (3) by refusing to interview 18 organizer-applicants who had disclosed their union affiliation, the Board noted:

[W]e shall leave to compliance the determination of which discriminatees would actually have been hired if the Respondent [Zachry] had used nondiscriminatory hiring criteria. . . . [W]e shall permit the Respondent to introduce evidence, during the compliance proceedings, that these discriminatees would not have been hired after the dates indicated on their application forms in any event. *The Respondent shall, however, bear the burden of proving that the employees hired after the application dates of the discriminatees actually had superior qualifications over the discriminatees.*

Id. at 971 (citations omitted) (emphasis added).

97. 29 U.S.C. § 158(f) (1994).

98. ARTHUR B. SMITH, JR., CONSTRUCTION LABOR RELATIONS 44 (1984); see also THE DEVELOPING LABOR LAW 421-24 (Patrick Hardin et al. eds., 3d ed. 1992 & Supp. 1995).

99. SMITH, *supra* note 98, at 44.

100. For a discussion of other unique aspects of construction labor law, including the rules regarding hiring halls, see THE DEVELOPING LABOR LAW, *supra* note 98, at 1533-43.

industry employers are on equal footing with other employers when it comes to violations of sections 8(a)(1) and (3).

Furthermore, although salting is most prevalent in the construction industry, the Court did not restrict its opinion to the confines of the construction industry. No limiting remarks or principles that would prevent its application to other industries are found in the Court's opinion. Although the construction industry is unique in that it is governed by its own set of rules in many areas of labor law, section 2(3) has general application, and therefore, the effects of the Court's decision have the potential of reaching far beyond the construction industry.¹⁰¹ Now that the Court has impliedly acknowledged salting as a protected and legitimate union activity, it is likely to spread to other industries where unions perceive it to be an effective organizing device.

CONCLUSION

Town & Country presented the Court with an opportunity to resolve the uncertainty surrounding the status of paid union organizer-applicants under the NLRA. Although the Court's agency analysis may have been accurate, its focus on common law agency principles to determine whether paid union organizer-applicants qualify as "employees" was unnecessary, or at least premature. The Court's energy would have been better spent analyzing whether paid union organizers qualify as bona fide applicants. Instead of making this critical determination, the Court summarily dismissed the matter without hesitation.¹⁰² By failing to address this initial inquiry, the Court's analysis was fatally incomplete. The Court's limited focus most likely resulted from the way the issue was pitched in the lower courts¹⁰³ and by counsel for *Town & Country*.¹⁰⁴ The Supreme Court, like the Board and the court of appeals, made the erroneous assumption that *Phelps Dodge* stands for the proposition that all applicants for employment qualify

101. See United States Supreme Court Official Transcript, *NLRB v. Town & Country Elec., Inc.*, 116 S. Ct. 450 (1995) (No. 94-947), 1995 WL 611733, at *41-42. ("[T]he holding in this case will not just apply in the construction industry This could apply in all industries, and it could apply in a situation where . . . the employer was already unionized by one union and it could be another union that's coming in to try to take it away.") (statement by James K. Pease, Jr., counsel for *Town & Country*).

102. See *Town & Country*, 116 S. Ct. at 452. Citing *Phelps Dodge Corp. v. NLRB*, 313 U.S. 177, 185-86 (1941), the Court noted that "under well established law, it made no difference that the 10 members who were simply applicants were never hired" because the "statutory word 'employee' includes job applicants." *Id.*

103. See *Town & Country Elec., Inc. v. NLRB*, 34 F.3d 625, 628-29 (8th Cir. 1994), *vacated*, 116 S. Ct. 450 (1995); *Town & Country Elec., Inc.*, 309 N.L.R.B. 1250, 1254 (1992).

104. See United States Supreme Court Official Transcript, *supra* note 101, at *21-44; *id.* at *33-34 ("I believe that . . . this Court has held that when Congress uses a circular definition of employee, they intend to incorporate the law of agency into that definition, and I think that's what they did in this case.") (statement by James K. Pease, Jr.).

as employees.¹⁰⁵ However, not all individuals who submit an employment application deserve automatic employee status. An initial inquiry must be made to determine whether the individual qualifies as a bona fide applicant. In absence of bona fide status, the individual should not be afforded the protection available to those deemed “employees” under the NLRA.

Had the Court shifted its attention to the true underlying question presented in this case— whether paid union organizers are bona fide applicants—the Court may very likely have reached the opposite conclusion. Given the strict commitment that a paid union organizer must make to the union when he signs a Salting Resolution, it would be difficult to argue that the organizer is a bona fide applicant. Pursuant to the Resolution, the organizer owes first allegiance to the union, and his sole purpose in applying for a job with a nonunion employer is to organize the employees. Once this goal is accomplished or at any other time that the union so desires, the organizer vows to terminate his “employment” with the company. In light of the overwhelming degree of control the union exercises over the organizer, the so-called “employment relationship” that the organizer is attempting to form with the nonunion company is anything but bona fide. Because the organizer fails this first step, the Court need not even consider the validity of the next transition—from applicant to employee.

The *Town & Country* holding additionally conflicts with well established Supreme Court precedent that distinguishes between the rights of employees and nonemployees. In allowing paid union organizers to gain employee status by simply submitting an application for employment, regardless of the organizer’s true intent or motive, the Supreme Court managed to blur the line that it had previously drawn in *Babcock* and *Lechmere* between the rights of employees and nonemployees. As a result, unions have the potential to acquire direct and easy access to nonunion employees through the use of salting campaigns. If the Board orders reinstatement or compelled employment of the paid organizer as a remedy to a section 8(a)(3) violation, not only will the union, through its paid union organizer-applicants, be allowed *onto* company property, it can take its organizing efforts directly through the company’s front door. Any attempt by the company to stop the union (by refusing to hire or refusing to interview the union “salts”) will result in an immediate filing of an unfair labor practice charge. Because of the heavy burden placed on the company to defend against such charges, the union has a good chance of succeeding on the merits. Even if unsuccessful, the ensuing litigation would be both disruptive and costly to the nonunion employer.

Lastly, and most importantly, the *Town & Country* decision has the potential to disturb the balance that Congress previously struck between the competing interests of labor and management in favor of organized labor, a result Congress did not intend when enacting the NLRA. Gary Vos, President of the Associated Builders and Contractors, alluded to this concern in a statement he made shortly

105. See *Town & Country*, 116 S. Ct. at 454; *Town & Country*, 34 F.3d at 627 (“Applicants for employment. . . have long been considered to be employees under the Act.”); *Town & Country*, 309 N.L.R.B. at 1253 (“We begin our analysis recognizing that applicants are ‘employees.’”).

after the Court handed down its opinion:

Labor Law must be rewritten to change the definition of employee so that it more accurately reflects the intent of Congress that the Board be an impartial protector of the rights of employers and employees. Right now you have a situation where the Board has become an advocate for organized labor.¹⁰⁶

106. *Contractor Group to Seek Legislative Relief Following High Court Ruling on Union Salts*, PR Newswire, Nov. 28, 1995, available in WESTLAW, LBNEWS Database.

Mr. Vos' concern is shared by many, including numerous members of Congress. On February 13, 1997, identical bills were introduced in the House and Senate addressing the concerns raised in this Article and by Mr. Vos. See Truth in Employment Act of 1997, S. 328, 105th Cong. (1997); Truth in Employment Act of 1997, H.R. 758, 105th Cong. (1997). If adopted, these bills would amend the National Labor Relations Act for the following express purposes:

- (1) to preserve the balance of rights between employers, employees, and labor organizations which is fundamental to our system of collective bargaining;
- (2) to preserve the rights of workers to organize, or otherwise engage in concerted activities protected under the National Labor Relations Act; and
- (3) to alleviate pressure on employers to hire individuals who seek or gain employment in order to disrupt the workplace of the employer or otherwise inflict economic harm designed to put the employer out of business.

Id. § 3. To achieve these purposes, the proposed legislation would amend section 8(a) of the NLRA by adding the following language: "Nothing in this subsection shall be construed as requiring an employer to employ any person who seeks or has sought employment with the employer in furtherance of other employment or agency status." *Id.* § 4.

This proposed legislation was introduced as a direct result of the *Town & Country* decision. In his statement in support of the bill, Congressman Fawell emphasized the "Hobson's Choice" presented to employers by the Supreme Court's broad interpretation of NLRA's reach: "either hire the union salt who is sure to disrupt your workplace and file frivolous charges resulting in costly litigation; or, deny the salt employment and risk being sued for discrimination under the NLRA." 143 CONG. REC. E253 (daily ed. Feb. 13, 1997). A similar sentiment was expressed by Senator Hutchinson in his address to the members of the Senate. 143 CONG. REC. S1396 (daily ed. Feb. 13, 1997) (statement of Sen. Hutchinson upon introduction of S. 328). In essence, this legislation would serve to restore the balance between the rights and protections of employers and employees that was altered as a result of the Supreme Court's tacit acceptance of union salting practices in *Town & Country*.

JUDICIAL ABROGATION OF A HUSBAND'S PATERNITY: CAN A THIRD PARTY SEEK TO ESTABLISH PATERNITY OVER A CHILD BORN INTO A MARRIAGE WHILE THAT MARRIAGE REMAINS INTACT?

HON. LINDA L. CHEZEM*
SARAH L. NAGY**

INTRODUCTION

The resolution of whether a third party may attempt to establish paternity of a child who is born into an intact marriage demonstrates the spectrum of jurisprudential philosophy in the courts of Indiana. Although the paternity statute¹ is silent concerning a third party's ability to invade an intact marriage and challenge the paternity of a child born during that marriage, there have been differing interpretations in the Indiana and federal courts as to whether such an action is allowed. Most recently, the Indiana Supreme Court, in *K.S. v. R.S.*,² held that a third party may attempt to establish paternity of a child born into an intact marriage while that marriage remains intact.³

The implications of that decision are far-reaching and involve concerns such as the preservation of an intact family structure, the impact of this type of paternity proceeding on the children involved, the biological father's rights, the child's intestate succession rights, and the children's rights to an orderly and stable family life. In the absence of express statutory language, the issue of judicial activism versus judicial restraint also arises. The most significant implication of the court's opinion is that a presumptive father-husband, mother or child may now disclaim paternity of a child born into an intact marriage when that marriage remains intact. This Article examines those implications in light of the recent Indiana Supreme Court opinion and the applicable common and statutory law.

I. COMMON LAW HISTORY

One of the most familiar rules of law is the principle that a child conceived or born during wedlock is presumed to be legitimate.⁴ As noted by Justice Scalia in the plurality opinion of *Michael H. v. Gerald D.*,⁵ the presumption of legitimacy was a fundamental principle of the common law.⁶ Traditionally, that presumption could be rebutted only by proof that a husband was incapable of procreation or had

* Judge, Indiana Court of Appeals. B.S., 1968, Indiana State University; J.D., 1971, Indiana University School of Law—Bloomington.

** B.A., 1986, Butler University, Indianapolis; J.D., 1992, Indiana University School of Law—Indianapolis.

1. IND. CODE §§ 31-6-6.1-1 to -21 (1993 & Supp. 1996).

2. 669 N.E.2d 399 (Ind. 1996).

3. *Id.* at 402.

4. 41 AM. JUR. 2D *Illegitimate Children* § 10 (1995); 10 AM. JUR. 2D *Bastards* § 11 (1963).

5. 491 U.S. 110 (1989).

6. *Id.* at 124 (citing H. NICHOLAS, *ADULTURINE BASTARDY* 1 (1836)).

no access to his wife during the relevant time period.⁷ “As explained by Blackstone, nonaccess could only be proved ‘if the husband be out of the kingdom of England (or as the law somewhat loosely phrases it, *extra quatuor maria* [beyond the four seas]) for above nine months.’”⁸ Additionally, under English and American common law, “neither husband nor wife [could] be a witness to prove access or nonaccess.”⁹

The primary rationale underlying the common law’s severe restrictions on the rebuttal of the presumption appears to have been an aversion to declaring children illegitimate,¹⁰ thereby depriving them of rights of inheritance and succession,¹¹ and possibly making them wards of the state. A secondary policy concern was the interest in promoting the “peace and tranquility of the States and families,”¹² a goal that is obviously impaired by facilitating suits against a husband and wife asserting that their children are illegitimate. As such laws became less harsh, “[j]udges in both [England and the United States] gradually widened the acceptable range of evidence that could be offered by spouses, and placed restraints on the ‘four seas rule’ . . . [,] the law retained a strong bias against ruling the children of married women illegitimate.”¹³

Although the presumption of legitimacy of such a child is a strong one, it is generally held that the presumption is rebuttable upon the presentation of proof sufficient to establish that the husband of the child’s mother is not the child’s biological father. Where attempts have been made to rebut the presumption of legitimacy, questions have occasionally arisen as to whether a person has standing to offer the requisite proof. Most often, standing is provided, or barred, by the statutory law of the particular state.

II. STATUTORY LAW

The standing of a person to dispute the presumption of legitimacy of children conceived or born during wedlock may be controlled or affected by various statutes, including those which: (1) limit standing to the husband or wife or their descendants; (2) grant standing to the husband and his heirs; and, (3) neither directly grant nor limit standing, such as statutes which authorize proceedings to establish the paternity of children or statutes which authorize the use of blood tests

7. *Id.* (citing BRACTON, DE LEGIBUS ET CONSUEUDINIBUS ANGLIAE, bk. i, ch. 9, at 6; bk. ii, ch. 29, at 63; bk. ii, ch. 32, at 70 (1569)).

8. *Id.* (quoting 1 WILLIAM BLACKSTONE, COMMENTARIES *445) (emphasis added).

9. *Id.* at 124-25 (quoting JAMES SCHOUER, LAW OF THE DOMESTIC RELATIONS § 225 (Boston, Little, Brown & Co., 3d ed. 1882); R. GRAVESON & F. CRANE, A CENTURY OF FAMILY LAW: 1857-1957, at 158 (1957)).

10. *Id.* at 125 (citing SCHOUER, *supra* note 9, § 225; M. GROSSBERG, GOVERNING THE HEARTH 201 (1985)).

11. *Id.* (citing 2 J. KENT, COMMENTARIES ON AMERICAN LAW 175).

12. *Id.* (citing SCHOUER, *supra* note 9, § 225 (quoting BOULLENOIS, TRAITE DES STATUS, bk. 1, at 62)).

13. *Id.* (citing GROSSBERG, *supra* note 10, at 202).

in paternity proceedings.

Indiana's statutory scheme falls into the third category; no statute expressly limits or grants the standing of a third party to establish paternity of a child born during marriage. We must look instead to the statute which authorizes proceedings to establish the paternity of children,¹⁴ including the statute which authorizes the use of blood tests in paternity proceedings,¹⁵ the dissolution statute which defines what is meant by a child born in wedlock,¹⁶ and various other statutes.

III. COMMON LAW INTERPRETATION OF INDIANA STATUTORY LAW

A recent case, *K.S. v. R.S.*,¹⁷ which involved a third party attempting to establish paternity over a child born into an intact marriage, presents difficult issues and does not fit comfortably into Indiana common and statutory law. K.S. ("Mother") and D.S. ("Husband") were married for thirteen years when the youngest of three children, D.S., was born during the marriage. During the marriage, Mother engaged in a sexual relationship with her neighbor. Neighbor claimed that D.S. was conceived during his relationship with Mother, and that he is D.S.'s biological father.¹⁸

Approximately one-and-one-half years after D.S.'s birth, Neighbor filed a petition to establish paternity. D.S. was neither named as a party nor otherwise represented by counsel or a guardian ad litem.¹⁹ Neighbor also filed an agreed entry, which asserted that he was the biological father of D.S.²⁰ After Mother, Husband, and Neighbor signed the agreed entry, the trial court approved it. Approximately eight months later, Mother filed a motion to set aside the agreed entry pursuant to Indiana Trial Rule 60(B)(6) because the child was not named as a party and there was no physical evidence of Neighbor's paternity. The motion was denied, and Mother appealed. The Indiana Court of Appeals held "no cause of action exists in Indiana when a third person attempts to establish paternity of a child born during the marriage of the mother and her husband while their marriage remains intact."²¹ Further, the court found that the agreed entry, as a

14. IND. CODE §§ 31-6-6.1-1 to -21 (1993 & Supp. 1996).

15. *Id.* § 31-6-6.1-8 (Supp. 1996).

16. *Id.* § 31-1-11.5-2(c).

17. 657 N.E.2d 157 (Ind. Ct. App. 1995), *vacated and rev'd*, 669 N.E.2d 399 (Ind. 1996).

18. There was no other evidence in the record of proceedings as to Neighbor's biological paternity of D.S. at the time of appeal.

19. *K.S.*, 669 N.E.2d at 404.

20. The agreed entry provided for joint custody of D.S., with an alternating seven day visitation period. The agreed entry also provided that "because of the joint custody arrangement, there shall be no support paid from one party to the other party." *Id.* at 406.

21. *K.S.*, 657 N.E.2d at 159. The court first reasoned that the policy concerns under these conditions were too great for the court to create this cause of action. The legislature was "the appropriate body to design a statutory provision to properly weigh the interests at stake and adequately protect those interests."

private agreement, was void as against public policy.²² The Indiana Supreme Court reversed that decision of the court of appeals.²³ The differing approaches of the court of appeals and the supreme court on this issue demonstrate with great clarity a line in the jurisprudential sand.

Both courts interpreted section 31-6-6.1-2 of the Indiana Code, which expressly authorizes certain persons to file a paternity action. In particular, the statute provides:

(a) A paternity action may be filed by the following persons:

(1) The mother or expectant mother.

(2) A man alleging that he is the child's biological father or that he is the expectant father of an unborn child.

(3) The mother and a man alleging that he is her child's biological father, or by the expectant mother and a man alleging that he is the biological father of her unborn child, filing jointly.

(4) A child.²⁴

The statute makes no reference to the marital status of the mother. Accordingly, the Indiana Supreme Court held that "[n]othing in the paternity act precludes a man otherwise authorized from filing a paternity action on the basis of the mother's marital status."²⁵ Because the statute was not expressly prohibitive, the putative father's cause of action was recognized by the Indiana Supreme Court. In addition to the level of judicial activism²⁶ exhibited by our high court in

22. *Id.* at 164. The court further stated, "Even if we do not view the Agreed Entry as a private contract, parties may not agree to establish a legal cause of action when no such legal cause exists in the eyes of the court or the legislature." *Id.* at 164-65.

23. *K.S.*, 669 N.E.2d at 406.

24. The Indiana Court of Appeals recently held that a child may seek to establish paternity in a third party, although the child's mother and her husband were married at the time of the child's conception and birth and remain married at the time the child brings the cause of action against the third party. *C.J.C. v. C.B.J.*, 669 N.E.2d 197, 199 (Ind. Ct. App. 1996), *trans. denied*. In that case, the putative father had never had a relationship with the child, whereas the husband had a relationship with the child and assisted in his support. The putative father resisted the attempt to establish paternity on the grounds of estoppel and for public policy reasons. The court based its decision on the Indiana Supreme Court's recent position in *K.S. v. R.S.*

25. *K.S.*, 669 N.E.2d at 403.

26. Judicial activism occurs when a statute does not expressly instruct the litigants how to proceed and the court, rather than deferring to the legislature for guidance, expands the reading of the statute. As in the case of *K.S. v. R.S.*, where a statute presents two equally-weighted presumptions which appear to cancel each other out, it is not an exercise of traditional judicial restraint to recognize one presumption over the other without legislative guidance. Roscoe Pound summarized:

rendering its opinion, there are other significant issues which relate to or emanate from that holding.

A. When Is a Child "A Child Born Out of Wedlock"?

The Indiana Court of Appeals in *K.S. v. R.S.* analyzed the paternity statute as permitting only the establishment of paternity of a child born out of wedlock.²⁷ According to the appeals court, because D.S. was not a child born out of wedlock, no third party could attempt to establish paternity over him.²⁸ The Indiana Supreme Court held otherwise, and defined D.S. to be a child born out of wedlock.²⁹ However, whether D.S. is a child born out of wedlock is an important issue, regardless of whether paternity is challenged now or in the future. The statutorily-created presumptions may answer this question, to the extent that there are not two equally-weighted, conflicting presumptions.

The paternity statute creates a presumption that the mother's husband is the biological father of a child born during the marriage.³⁰ It also provides that a man

Lack of general ideas and absence of any philosophy of law, which has been characteristic of our law from the beginning and has been a point of pride at least since the time of Coke, contributes its mite also toward the causes of dissatisfaction with courts. For one thing, it keeps us in the thrall of a fiction. There is a strong aversion to straightforward change of any important legal doctrine. The cry is *interpret it*. But such interpretation is spurious. It is legislation. And to interpret an obnoxious rule out of existence rather than to meet it fairly and squarely by legislation is a fruitful source of confusion. Yet the bar are trained to it as an ancient common law doctrine, and it has a great hold upon the public. Hence if the law does not work well, says Bentham, with fine sarcasm, "it is never the law itself that is in the wrong; it is always some wicked interpreter of the law that has corrupted and abused it." Thus another unnecessary strain is imposed upon our judicial system and courts are held for what should be the work of the legislature.

HANDBOOK FOR JUDGES 230 (George H. Williams & Kathleen M. Sampson eds., 1984) (footnotes omitted).

27. *K.S.*, 657 N.E.2d at 159-61.

28. *Id.* at 162.

29. *K.S.*, 669 N.E.2d at 402.

30. There are five types of statutorily-created presumptive fathers defined by the statute, only two of which are relevant to this discussion:

(a) A man is presumed to be a child's biological father if:

(1) the man and the child's biological mother are or have been married to each other and the child is born during the marriage or within three hundred (300) days after the marriage is terminated by death, annulment, or dissolution; . . .

(4) the man undergoes a blood test that indicates with at least a ninety-nine percent (99%) probability that the man is the child's biological father.

IND. CODE § 31-6-6.1-9(a)(1), (a)(4) (Supp. 1996).

is presumed to be the biological father of a child when a blood test indicates with at least 99% probability that he is the child's biological father.³¹ These presumptions, of course, clash head-on in a situation where there are two presumptive fathers, such as when a child is born during the marriage, but a blood test indicates that a third party is the biological father of the child.

Reconciling the differences between those two presumptions was the task of the courts in *K.S. v. R.S.* These presumptions are irreconcilable. The Indiana Supreme Court had already held that the presumption created in favor of the husband was rebuttable by "direct, clear, and convincing evidence."³² A blood test in which another man is proved to be the biological father of a child is sufficient evidence to overcome the presumption in favor of the presumptive father-husband, regardless of whether the husband remains married to the mother.³³ In other words, the presumption in favor of the putative father created by section 31-6-6.1-9(a)(4) of the Indiana Code rebuts the presumption in favor of the presumptive father-husband created by section 31-6-6.1-9(a)(1). Thus, unless a presumptive father-husband obtains blood tests which indicate with 99% probability that he is the child's biological father, the presumption he gains under subsection (a)(1) of the statute is subject to attack by any man outside of the marriage³⁴ who wishes to assert his paternity over a child born during the marriage.³⁵ Absent a conclusive blood test in favor of the presumptive father-husband, a third party who does not prevail by virtue of blood test results is but one man of a potentially never ending number of men who may seek to establish paternity of a child born during the marriage. Therefore, the presumptive father-husband's statutory presumption exists only to defend, if he so chooses, his paternity against assertions of paternity made by third parties outside of the marriage.

Several scenarios may occur which have not been addressed by the Indiana Supreme Court. For example, a presumptive father-husband who would not have otherwise undergone blood testing to determine his biological status over the child

31. *Id.*

32. *Fairrow v. Fairrow*, 559 N.E.2d 597, 600 (Ind. 1990). Our supreme court held in the case, *In re Paternity of S.R.I.*, 602 N.E.2d 1014, 1016 (Ind. 1992), that a putative father may establish paternity over a child born during the marriage of the child's mother and her husband after the mother and husband have divorced, even though the child was found by the divorce court to have been a child of that marriage. The court stated, "Thus, a putative father may establish paternity without regard to the mother's marital status, so long as the petition is timely filed." *Id.* The court based its reasoning on the concepts put forth in *Fairrow v. Fairrow*, 559 N.E.2d 597, 600 (Ind. 1990).

33. *K.S.*, 669 N.E.2d at 403.

34. The child is also allowed to challenge the presumptive father-husband's parenthood, even against the wishes of the presumptive father-husband. IND. CODE § 31-6-6.1-2(a)(4) (Supp. 1996).

35. Although a putative father must produce the blood test result with 99% probability in order to prevail, he has standing to bring the cause of action and get the court to order blood testing, regardless of whether the actual result of the blood test provides him with sufficient probability of biological fatherhood to create a presumption in his favor under the statute. See *id.* § 31-6-6.1-8.

may do so when a third party asserts his paternity. Both may fail to obtain sufficient probability of biological fatherhood. One would guess that the presumptive father-husband retains his presumption of fatherhood under section (a)(1)³⁶ of the statute, until another man wishes to establish paternity over the child. However, the paradox created by the Indiana Supreme Court is that such a child is per se a child born out of wedlock, regardless of a third party challenge to paternity.

Justice Sullivan, writing for the Indiana Supreme Court, stated in *K.S. v. R.S.* that

Indiana common law is clear that the term wedlock refers to the status of the biological parents of the child in relation to each other. A child born to a married woman, but fathered by a man other than her husband is a 'child born out of wedlock' for purposes of the statute.³⁷

The Indiana Supreme Court thereby affirmed the majority opinion of the court of appeals in *R.D.S. v. S.L.S.*³⁸ In *R.D.S.*, the husband challenged the divorce court's findings that the child was a child of the marriage because the child was not conceived in the marriage. The majority opinion was that "a child born to a married woman but not fathered by her husband is a child born out of wedlock."³⁹ In that case the husband had not even met the mother until after she was visibly pregnant. They were married three weeks before the birth of the child. Under the holding of that case, had the husband not challenged the paternity at divorce, the child would have been considered a child of the marriage under such theories as equitable adoption, equitable estoppel, in loco parentis, or under a contract to support or adopt a child. Unlike the facts in *R.D.S.*, in *K.S. v. R.S.*, the child was conceived while the husband and mother were married, albeit a dispute arises as to which man is responsible for the conception.

The position of our supreme court on this matter rejects squarely the notion put forth by the appeals court over three decades ago in *Profitt v. Profitt*.⁴⁰ The court of appeals held that children born during the marriage were presumably legitimate, and where a presumption exists that children born of a valid marriage are legitimate, they cannot be presumed to be born of one other than the party to that marriage or out of wedlock unless this has been determined in the court having jurisdiction over such matters.⁴¹ Such is no longer the case once our supreme court determined that "a child born to a married woman, but fathered by a man other than her husband is a 'child born out of wedlock' for purposes of the

36. *Id.* § 31-6-6.1-9(a)(1).

37. *K.S.*, 669 N.E.2d at 402 (citing *R.D.S. v. S.L.S.*, 402 N.E.2d 30, 31 n.2 (Ind. Ct. App. 1980)). *But see* *Russell v. Russell*, 666 N.E.2d 943 (Ind. Ct. App. 1996), *vacated and rev'd*, No. 49S04-9611-CV-705, 1997 WL 356940 (Ind. June 30, 1997) (expressly rejecting that language in *R.D.S.*).

38. 402 N.E.2d 30 (Ind. Ct. App. 1980).

39. *Id.* at 31 n.2.

40. 204 N.E.2d 660 (Ind. App. 1965).

41. *Id.* at 661.

statute.”⁴² Clearly, such a child is now, per se, a child born out of wedlock.

The holding of our supreme court in *K.S. v. R.S.* also calls into question the holding of the court of appeals in the case, *In re Marriage of M.E.*⁴³ The court of appeals held that a child born during the marriage is presumed legitimate and that in divorce proceedings, silence and that presumption of legitimacy will establish paternity.⁴⁴

Because the court did not limit the application of what it defined as a child born out of wedlock to this context, it is reasonable to assume that any child born into an intact marriage but biologically fathered by a man outside of the marriage is a child born out of wedlock. The supreme court in *K.S. v. R.S.* extended its holding in *Paternity of S.R.I.*,⁴⁵ in that the child in *S.R.I.* and any child similarly situated is a child born out of wedlock.⁴⁶ In that case, the child was born during the marriage but the putative father did not seek to establish paternity until after the mother and husband were divorced. The court was not asked in *S.R.I.* to weigh the conflicting statutory presumptions of the husband and putative father. Thus, according to the unrestricted language provided by the Indiana Supreme Court in *K.S. v. R.S.*, regardless of whether a third party establishes paternity via blood testing, a child who is not with 99% probability the biological child of the husband, even though that child was born during a marriage, is a child born out of wedlock.

The interpretation by the Indiana Supreme Court is problematic because the language of the statute which creates the presumption in favor of the husband⁴⁷ is similar to the language of the statute which defines a “child” for purposes of marriage and dissolution.⁴⁸ Because the paternity statute does not tell us what is meant by a “child born during the marriage,”⁴⁹ the Indiana Court of Appeals analyzed both statutes together in *Russell v. Russell*,⁵⁰ in an effort to determine when exactly a child is “a child born out of wedlock,” in the context of a child who is born during a marriage. Likewise, the Indiana Supreme Court, in adopting the rationale of *R.D.S.* in its determination of whether D.S. was a child of the marriage (in *K.S. v. R.S.*) for purposes of the paternity statute, also relied on the dissolution statute and common law relating thereto.⁵¹ However, as will be discussed, the outcome in *R.D.S.*, though possibly applicable in the context of dissolution, distorts the paternity statute.

Section 31-1-11.5-2(c) of the Indiana Code defines “child” as “a child or

42. *K.S.*, 669 N.E.2d at 402 (citing *R.D.S.*, 402 N.E.2d at 31 n.2).

43. 622 N.E.2d 578 (Ind. Ct. App. 1993).

44. *Id.* at 581 (citing *Cooper v. Cooper*, 608 N.E.2d 1386, 1387 (Ind. Ct. App. 1993)).

45. 602 N.E.2d 1014 (Ind. 1992).

46. *K.S.*, 669 N.E.2d at 402.

47. IND. CODE § 31-6-6.1-9(a)(1) (Supp. 1996).

48. *Id.* § 31-1-11.5-2(c).

49. *Id.* § 31-6-6.1-9(a)(1).

50. 666 N.E.2d 943 (Ind. Ct. App. 1996), *vacated and rev'd*, No. 49S04-9611-CV-705, 1997 WL 356940 (Ind. June 30, 1997).

51. *K.S.*, 669 N.E.2d at 402-03.

children of both parties to the marriage and includes children born out of wedlock to the parties as well as children born or adopted during the marriage of the parties.” The court of appeals concluded in *Russell* that section 31-1-11.5-2(c) includes three classes of children: (1) children of both parties to the marriage, “and includes,” (2) children born out of wedlock to the parties, “as well as,” (3) children born or adopted during the marriage of the parties.⁵² Thus, under the dissolution statute, a child born during the marriage is not a child born out of wedlock.⁵³ Likewise, the language of the paternity statute under section 31-6-6.1-9(a)(1) of the Indiana Code, creates a presumption for husbands when the child is born “during the marriage.”

However, the Indiana Supreme Court interpreted the language of the paternity and dissolution statutes to mean that “the fact that the child was born while mother was married does not establish that the child was born during wedlock.”⁵⁴ Thus, a husband who is not the biological father of a child born during his marriage to the child’s mother has no presumption in his favor under the paternity statute with regard to that child, regardless of whether a third party has established paternity over the child. His statutory presumption was effectively abrogated by the Indiana Supreme Court in *K.S. v. R.S.*

Other than conceding semantically that paternity had never been established in such a child in the first place, it cannot be avoided that our supreme court’s interpretation of the paternity statute leaves much room for a husband, child, or mother to disclaim the otherwise valid presumption under the paternity statute in favor of the husband, regardless of whether the disclaimer of paternity is accompanied by an establishment of paternity in another man.⁵⁵ The result is that the paternity statute is used to disclaim paternity.

The Indiana Supreme Court abruptly rejected the position of the court of appeals in *K.S. v. R.S.* that the paternity statute may only be used to *establish* paternity over children born out of wedlock.⁵⁶ Unless we narrowly construe the

52. *Russell*, 666 N.E.2d at 953. The court of appeals was called to determine whether a trial court has subject matter jurisdiction to enter an order of support, custody and visitation with regard to a child who is born during the marriage but whose biological father is another man.

53. *Id.*

54. *K.S.*, 669 N.E.2d at 402.

55. As noted by the court of appeals in *K.S. v. R.S.*, we must not confuse the finding by a dissolution court that a child is not a child of the marriage for purposes of arriving at an equitable support order with the establishment or disestablishment of paternity. *K.S. v. R.S.*, 657 N.E.2d 157, 160 n.3 (Ind. Ct. App. 1995), *vacated and rev’d*, 669 N.E.2d 399 (Ind. 1996). As noted by our supreme court in *Fairrow v. Fairrow*, 559 N.E.2d 597 (Ind. 1990), a man who is not a child’s biological father but who discovers the fact of his nonpaternity incidental to the divorce may seek an equitable order of child support based on that discovery. The father in *Fairrow* did not seek to disestablish paternity, and there was no third party available to establish paternity in his stead.

56. *K.S.*, 669 N.E.2d at 402. The policy statement provided by our legislature with regard to the intent of the paternity statute is: “The general assembly favors the public policy of *establishing* paternity under this chapter of a child born out of wedlock.” IND. CODE § 31-6-6.1-1.5 (Supp. 1996) (emphasis added).

supreme court's holding in *K.S. v. R.S.* to mean that *only* when a third party seeks to establish paternity over a child born into an intact marriage is the presumptive father-husband's status as to paternity negated, *then and only then* may such a cause of action be allowed. However, Justice Sullivan's language in *K.S. v. R.S.* indicates that a broader reading is in order.⁵⁷

The Indiana Supreme Court's conclusion that a child who is not biologically fathered by the husband of an intact marriage is not a child of that marriage presents a conundrum of great importance. The opinion of the supreme court provides a very strong argument to be used not only for a third party to *establish* paternity but also for a husband, mother, or child to *disclaim* paternity when such is convenient or beneficial. Although a husband has no standing to establish paternity,⁵⁸ he is granted a rebuttable presumption that he is the biological father of a child born during his marriage.⁵⁹ The standing conferred on the mother and child by the paternity statute grants standing only to *establish* paternity. However, a husband, mother or child may disestablish, or better said, may *disclaim* the establishment of paternity, by arguing that because the child is not "a child born during the marriage," then paternity was never established in the first place. This scenario becomes particularly relevant in light of the laws of intestate succession, which will be discussed later.

As interpreted by the Indiana Supreme Court, the only irrebuttable presumption created by the paternity statute is the one under subsection (a)(4), which is the presumption that will be wielded by men outside of the marriage who wish to establish paternity of a child born during the marriage of another man.⁶⁰ Although the Indiana Supreme Court found "that Indiana statutes permit putative fathers to maintain paternity actions"⁶¹ with regard to a child born into an intact marriage of the mother while that marriage remains intact, the paternity statute neither expressly bars nor expressly authorizes for such a cause of action in Indiana. Moreover, the paternity statute confers jurisdiction upon the court to hear paternity matters and standing upon parties to the litigation.⁶² Absent an express

57. The court's reliance on *R.D.S.* indicates that the existence of a third party who is asserting paternity is not a necessary criteria for a husband to disclaim his paternity. There was no third party willing to assert his paternity in *R.D.S.* However, because *R.D.S.* involved a dissolution, and not paternity, the husband was successful in overcoming the presumption of legitimacy merely for purposes of obtaining an equitable order of child support. The child was not deemed illegitimate for other purposes. The supreme court's application of that holding in the context of paternity presents broader implications because not only is child support affected, but other affected issues are intestate succession and social concerns of legitimacy of children. The holding of *R.D.S.* has thereby been expanded exponentially by the Indiana Supreme Court in *K.S. v. R.S.*

58. IND. CODE § 31-6-6.1-2(a) (Supp. 1996). Rather, until recently, he had no reason to establish his own paternity because of the presumption of paternity created on his behalf by the paternity statute.

59. *Id.* § 31-6-6.1-9(a)(1).

60. *Id.* § 31-6-6.1-9(a)(4).

61. *K.S.*, 669 N.E.2d at 404.

62. IND. CODE § 31-6-6.1-2(a)(1) to -(4) (Supp. 1996).

statement by the legislature as to whether a putative father's presumption may overcome a presumptive father's presumption when the child is born into an intact marriage, which remains intact, any judicial recognition of such a cause of action is a clear example of the court favoring one public policy rationale over another.

Perhaps the debate will prompt the legislature to revise the statute to clarify this issue.⁶³ No matter how it is articulated, the Indiana Supreme Court's interpretation of the putative father's presumption is a simple choice of public policy. The Indiana Supreme Court summarily rejected the interpretation by the court of appeals in *K.S. v. R.S.* that the putative father's presumption is rebuttable⁶⁴ by concerns of public policy and because the paternity statute is silent as to how far the putative father's presumption may stretch. Such an abrupt policy choice by the Indiana Supreme Court invites closer scrutiny of public policy.

B. General Public Policy Concerns

The U.S. Supreme Court addressed the most basic of policy matters relating to this issue in *Michael H. v. Gerald D.*⁶⁵ The *Michael H.* case involved a constitutional challenge to the California paternity statute on facts similar to those in *K.S. v. R.S.* A third party attempted to establish paternity over a child born into the intact marriage of the child's mother and the presumptive father-husband. The California paternity statute provided that "the issue of a wife cohabitating with her husband, who is not impotent or sterile, is conclusively presumed to be a child of the marriage."⁶⁶ This presumption was rebuttable by blood tests, but only if introduced by husband, or by wife, if the natural father filed an affidavit acknowledging paternity, and if the motion was made within two years after the birth of the child.⁶⁷ The putative father in *Michael H.* challenged the constitutionality of this statute, claiming that the Fourteenth Amendment Due Process Clause afforded him a liberty interest in establishing and maintaining a relationship with his biological child.⁶⁸ In addition to his constitutional analysis,

63. The legislature is perhaps better suited than the courts to resolve matters of public policy. They must answer to their constituents, and in so doing, any legislation drafted on this issue will more closely reflect the mores and norms of those who are governed by the legislation.

64. *K.S.*, 669 N.E.2d at 402-03. The court of appeals considered the presumption to be rebuttable to the extent that the third party's presumption was outweighed by the presumption of the husband for reasons of public policy. Further, a putative father's presumption could never outweigh the husband's presumption if the husband and mother's marriage remained intact.

65. 491 U.S. 110 (1989).

66. *Id.* at 115 (citing CAL. EVID. CODE § 621(a) (West 1989)).

67. *Id.* (citing CAL. EVID. CODE § 621(c)-(d) (West 1989)). Section 621 of the California Evidence Code has been recodified without substantive change. CAL. FAM. CODE §§ 7540-7541 (West 1994).

68. Justice Scalia's opinion in *Michael H.* was a plurality opinion joined by three other Justices; it did not command a majority of the Court. Four other Justices, in two separate opinions, concluded that the constitutional right and liberty interest advanced by the putative father existed and would have reversed the trial court. *Michael H.*, 401 U.S. at 136-57 (Brennan, J., dissenting,

Justice Scalia summarized the social policy matters at hand:

What [the putative father] asserts here is a right to have himself declared the natural father *and thereby obtain parental prerogatives*. What he must establish, therefore, is not that our society has traditionally allowed a natural father in his circumstances to establish paternity, but that it has traditionally accorded such a father parental rights, or at least has not traditionally denied them. Even if the law in all States had always been that the entire world could challenge the marital presumption and obtain a declaration as to who was the natural father, that would not advance [the putative father's] claim. Thus, it is ultimately irrelevant, even for purposes of determining *current* social attitudes towards the alleged substantive right [the putative father] asserts, that the present law in a number of States appears to allow the natural father—including the natural father who has not established a relationship with the child—the theoretical power to rebut the marital presumption.⁶⁹

The Indiana Supreme Court has recognized at least two nonconstitutional interests put forth by a putative father: (1) the public policy of correctly identifying parents and their offspring; and, (2) the public policy which disfavors a support order against a man who is not a child's father and which favors a support order against a man who is a child's father.⁷⁰ The second policy rationale applies only when a presumptive father-husband (while still married to the mother) has either disclaimed his paternity pursuant to the supreme court's holding in *K.S. v. R.S.*, or has divorced the mother, and the mother is seeking an equitable order of support.⁷¹ In either event, it would be the presumptive father-husband's policy argument, and not the putative father's. The first policy rationale is the only of the two arguments which would be used by the putative father to justify an invasion of an intact marriage to establish paternity over a child born during that marriage.⁷²

This policy in favor of the putative father of correctly identifying paternal offspring must be weighed against the countervailing policies which relate to the well-being of the child and the societal interests of preserving the integrity of the intact family. The Indiana Supreme Court did not consider any prevailing policies in reaching its conclusions in *K.S. v. R.S.* Instead, it relied on the paternity statute's failure to expressly preclude the putative father from bringing such an action as a means of interpreting to find that the statute thereby expressly allowed

joined by Marshall & Blackmun, JJ.); *Id.* at 157-64 (White, J., dissenting). Justice Stevens concurred in judgment. *Id.* at 132-36. It was his view that, although the putative father might well have a constitutionally protected liberty interest in establishing and maintaining a relationship with his biological child, the California statute provided him with whatever due process of law he was entitled. *Id.* at 136.

69. *Id.* at 126 (plurality opinion) (emphasis added and footnotes omitted).

70. *In re Paternity of S.R.I.*, 602 N.E.2d 1014, 1016 (Ind. 1992).

71. *See, e.g., Fairrow v. Fairrow*, 559 N.E.2d 597 (Ind. 1990).

72. To that extent, the reasoning in *Fairrow*, does not apply to the facts of *K.S. v. R.S.* because there was no putative father in *Fairrow* wishing to establish paternity.

such a cause of action. In light of such an approach, it was unnecessary for the supreme court to delve into significant policy matters. However, the policy considerations will not magically disappear.

Because of the legislature's stated intention of establishing paternity as a policy driving the laws of paternity in Indiana,⁷³ any reading of the statute which allows for the potential disclaiming of paternity is in derogation of that stated policy. The Indiana Court of Appeals long ago held that a child can be declared legitimate only by legislative act and that the legislature had recognized no cause of action in which a putative-biological father could become the legitimate father of a child born into the marriage of another man and the child's mother.⁷⁴ Additionally, it is doubtful that the legislature intended for the laws of paternity to be used as tools of destruction in divorce proceedings,⁷⁵ as was the case in *Russell v. Russell*.⁷⁶ As the court of appeals stated in *Russell*, "Any number of situations may result from modern living arrangements, whereby the adults may attempt to use a child as a means of bargaining for their own ends without protecting the child's best interests."⁷⁷ Unfortunately, the plain reading of our supreme court's opinion in *K.S. v. R.S.* allows for such situations to arise, even when the mother and husband remain married.

Additionally, as was the situation in both *Russell* and *K.S. v. R.S.*, there are other siblings involved in the family who will be greatly affected by such attacks by third parties. Because of the putative father's unwillingness to sublimate his own personal interests to the interests of the family into which the child was born, his interests adversely impact the rights and desires of the other children in the family to exist in an harmonious, cohesive family unit.⁷⁸ This concern is most compelling when the child in question is subjected to visitation with the third party and segregated from the family unit in various other ways.⁷⁹

That is not to deny that the child has unique interests in maintaining a

73. IND. CODE § 31-6-6.1-1.5 (Supp. 1996).

74. *A.B. v. C.D.*, 277 N.E.2d 599, 602 (Ind. App. 1971).

75. Although the presumptive father in *Fairrow* was merely seeking an equitable order of child support, our supreme court did state, "One who comes into court to challenge a support order on the basis of non-paternity without externally obtained clear medical proof should be rejected as outside the equitable discretion of the court." *Fairrow*, 559 N.E.2d at 600.

76. 666 N.E.2d 943 (Ind. Ct. App. 1996), *vacated and rev'd*, No. 49S04-9611-CV-705, 1997 WL 356940 (Ind. June 30, 1997).

77. *Id.* at 950.

78. This too, is arguably a protected liberty interest.

79. This arrangement is vastly different from an arrangement wherein there are stepsiblings who are also subject to visitation and other arrangements with their noncustodial parent. First, the parents of stepchildren enter into their marital arrangement most often with those visitation and custody issues already in place. Second, the children are aware before the union of the stepparents that they are two family units combining into one, and subject to outside involvement of the children's other natural parents. Third, there is an inherent value in keeping an unbroken family unbroken; whereas, in the case of stepchildren, their natural parents have already facilitated the breakdown of the family unit.

paternity action. As recognized by the court of appeals, a child's interests in a paternity action are not necessarily the same as those of the parents; the child's interests include inheritance rights, social security survivor benefits, employee death benefits, proceeds of life insurance policies, establishment of familial bonds, indoctrination into cultural heritage, and knowledge of family medical history.⁸⁰ However, in the case of a child born into a marriage while the marriage remains intact, most of those interests of the child are guaranteed by the presumptive father-husband. Those interests which are not guaranteed may never be satisfied, to the extent there is no third party willing or available to assume the role of putative father.

Moreover, we are ill-advised to ignore traditional societal values and replace them with new arrangements.⁸¹ Such social engineering is best left to the legislature, which answers first hand the call of its constituents. Justice Scalia aptly stated:

Thus, the legal issue in the present case reduces to whether the relationship between persons in the situation of [putative father] and [child] has been treated as a protected family unit under the historic practices of our society, or whether on any other basis it has been accorded special protection. We think it impossible to find that it has. In fact, quite to the contrary, our traditions have protected the marital family . . . against the sort of claim [putative father] asserts.⁸²

Unless the legislature indicates otherwise, the policy of protecting the traditional intact family unit outweighs any claim a third party may have to such a child.

The Indiana Supreme Court failed to analyze the importance of this decision as a new complication to the existing body of family and inheritance law. We cannot ignore the implication this decision has with regard to women and children. Our supreme court gave preference to the rights of the putative and presumptive fathers over the rights of the mother and child. The implication of the supreme court's decision is that paternal rights are more important than a child's physical and emotional well-being. The court is silent and does not consider the rights of the mother to see that her children benefit fully as members of an intact family.⁸³ In essence, we revisit the medieval days in which a child was burdened with the

80. *Clark v. Kenley*, 646 N.E.2d 76 (Ind. Ct. App. 1995), *trans. denied*.

81. Interestingly, even the U.S. Supreme Court could not issue a unified opinion on how best to preserve those traditional values, indicating the complexity of the policy matters at hand. *Michael H. v. Gerald D.*, 491 U.S. 110 (1989).

82. *Michael H.*, 491 U.S. at 124 (plurality opinion).

83. This interest of the mother in protecting and nurturing her offspring via the family unit (or tribe), can be traced to the known origins of socialized human existence. Invasion of that unit from outside forces, though an inevitable human condition, has not and should not be remedied through a depletion of the family (tribal/communal) unit. Such a unit has been the facilitator of our human existence. Though we are civilized, to deny the most basic of factors with regard to our existence, implies certain hubris and deliberate disregard of what makes us who we are and what we have always been.

sins of his or her father. The rights of children to traditional family upbringing⁸⁴ should be paramount.

C. Intestate Succession⁸⁵

One astounding effect the Indiana Supreme Court's opinion will have is on the interpretation of the laws of intestate succession for children born out of wedlock.⁸⁶ In *K.S. v. R.S.*, our supreme court recognized the holding put forth by the appeals court in *R.D.S. v. S.L.S.*⁸⁷ That holding suggests that in a dissolution of marriage proceeding, a support order against a husband is improper, under the applicable statute,⁸⁸ where, although the child was born to the wife during her marriage to the husband, the child was not fathered by the husband, and the evidence did not raise an issue of "probate" acknowledgment of the child by the husband such that its effect on the husband's support duty could be reached.⁸⁹ A

84. One may argue that in such a situation where the mother has had an extramarital affair, the notions of traditional family are denigrated. However, even the most traditional of families has its problems. Nothing justifies casting those adult problems onto the backs of the children involved. When a husband and wife decide to remain in family union despite a wife's past infidelity, that decision should be supported by the laws of this state. Most certainly, but not for the putative father's insistence, the child would have remained protected from the psychological burden created by the adults around him.

85. There are also implications with regard to the Indiana's Wrongful Death Act. IND. CODE § 34-1-1-2 (1993). A child born out of wedlock is precluded from recovering under the Act for the presumptive father's death, even though the child knows no other father and the presumptive father held himself out as the child's father. Absent fraud on the court, a child and/or mother who knows the child is not the biological child of the decedent may not recover under the Act, regardless of whether there is a third party who has established paternity over the child. *See Lucas v. Estate of Stavros*, 609 N.E.2d 1114, 1122 (Ind. Ct. App. 1993) ("Where *paternity* has been established, an illegitimate child may qualify as a dependent child within the meaning of our wrongful death statute.") (citing *Hollingsworth v. Taylor*, 442 N.E.2d 1150, 1152 (Ind. Ct. App. 1982)).

86. The rights of children born out of wedlock to inherit under Indiana's law of intestate succession are as follows:

For the purpose of inheritance (on the paternal side) to, through, and from a child born out of wedlock, the child shall be treated as if the child's father were married to the child's mother at the time of the child's birth, if:

(1) the paternity of the child has been established by law in a cause of action that is filed:

(A) during the father's lifetime; or

(B) within five (5) months after the father's death; or

(2) the putative father marries the mother of the child and acknowledges the child to be his own.

IND. CODE § 29-1-2-7 (1993).

87. 402 N.E.2d 30 (Ind. Ct. App. 1980).

88. *See* IND. CODE § 29-1-2-7 (1993); *id.* § 31-1-11.5-2 (Supp. 1996).

89. *R.D.S.*, 402 N.E.2d at 35.

child who otherwise would have been considered a child born in wedlock by virtue of having been born into an intact marriage is now, presumably per se, a child born out of wedlock, regardless of whether a third party seeks to assert paternity over the child. A "child" is defined by the Indiana probate law as "an adopted child but does not include a grandchild or other more remote descendants, nor, except as provided in IC 29-1-2-5, a child born out of wedlock."⁹⁰ To that degree, given the Indiana Supreme Court's interpretation of what is meant by a "child born out of wedlock" and absent fraud on the court, a child born into an intact marriage but who is not the biological child of the presumptive father-husband, may not inherit from the husband under the laws of intestate succession, regardless of whether a third party has established paternity over the child.

The law of intestate succession allows for a child born out of wedlock to inherit from the putative father, if paternity has been established or if the putative father marries the mother and acknowledges the child to be his own.⁹¹ Interestingly then, the putative father, by marrying the mother and acknowledging the child to be his own, can accomplish something a presumptive father-husband cannot. The presumptive father of a child who is not biologically his, who was married to the mother at the time of the child's birth and who holds himself out as the child's father, intact marriage or not, cannot overcome the status of illegitimacy for the child. According to the Indiana Supreme Court, such a child is a child born out of wedlock and will remain such, regardless of whether a third party establishes paternity over the child. Short of the presumptive father-husband's adoption of the child, many children fathered by men outside of the marriage will be left with no ability to inherit via the laws of intestate succession. This is because, often times, the third party putative father is unidentified or may be deceased.⁹²

Most obviously, children who are conceived by means of artificial insemination when there has been a third party donor are greatly affected by the holding of the supreme court in *K.S. v. R.S.* The court has held that a husband is estopped from denying his obligation of support with regard to a child conceived during the marriage by artificial insemination with the sperm of a third party donor.⁹³ However, the third party donor⁹⁴ and the child⁹⁵ clearly have standing to

90. IND. CODE § 29-1-1-3 (1993).

91. *Id.* § 29-1-2-7; *W.M.T. v. A.R.H.*, 638 N.E.2d 815 (Ind. Ct. App. 1994); *Hood v. G.D.H.*, 599 N.E.2d 237 (Ind. Ct. App. 1992); *P.N.B. v. J.L.D.*, 531 N.E.2d 1203 (Ind. Ct. App. 1988); *T.R. v. A.W.*, 470 N.E.2d 95 (Ind. Ct. App. 1984); *R.L.G. v. T.L.E.*, 454 N.E.2d 1268 (Ind. Ct. App. 1983).

92. The child may bring a cause of action to inherit under the law of intestate succession during the father's lifetime or within five months after the death of the father. IND. CODE § 29-1-2-7(b)(1)(B) (1993).

93. *Levin v. Levin*, 645 N.E.2d 601, 605 (Ind. 1994).

94. Although it has been litigated in other states, it is not clear whether in Indiana a third party donor may seek to establish parental rights of a child born as a result of his donated sperm. *See, e.g., McIntyre v. Crouch*, 780 P.2d 239 (Or. Ct. App. 1989). Given the holding of our supreme court in *K.S. v. R.S.* and the lack of statutory guidance with regard to the rights of third party sperm

establish paternity outside of the marriage because such a child is a child born out of wedlock according to the holding of *K.S. v. R.S.*⁹⁶

Additionally, prior to the supreme court's decision in *K.S. v. R.S.*, a child born into a marriage who is the product of artificial insemination by a third party donor was a "child of the marriage."⁹⁷ The holding in *Levin* is now called into question by virtue of the fact that a child born into an intact marriage who is the product of artificial insemination of sperm from a third party donor is now considered a child born out of wedlock because "the term wedlock refers to the status of the biological parents of the child in relation to each other."⁹⁸ Not only are such children at risk of losing the support of the presumptive father-husband at divorce, but as children born out of wedlock, they are also at grave risk of not ever being allowed to inherit under the law of intestate succession, from either the presumptive father-husband or the putative father-donor.

D. Constitutional Issues

In the quagmire of policy considerations, statutory interpretation, and intestate succession, we are presented also with issues of constitutionality. Although neither party raised constitutional issues in *K.S. v. R.S.*, the Indiana Supreme Court stated:

It may well be that putative fathers such as neighbor likely do have some constitutionally protected liberty interest in establishing and maintaining relationships with their biological children . . . Because we find that Indiana statutes permit putative fathers to maintain paternity actions under the facts of this case, we find it unnecessary further to define this liberty

donors, the third party donor has a compelling argument for his standing to establish paternity and, hence, parental rights.

95. The rights of the child to establish paternity in the third party donor are more clear. First, the child has an arguable constitutional interest in identifying his biological father. *J.E. v. N.W.S.*, 582 N.E.2d 829 (Ind. Ct. App. 1991). Second, the law of intestate succession does not limit a child born out of wedlock from inheriting when the father is a sperm donor. Third, our supreme court has held that a mother, [presumptive father-husband], or [putative father-donor] may not absolve a biological father of support obligation with regard to a child conceived of the union. *Straub v. B.M.T.*, 645 N.E.2d 597 (Ind. 1994). Although the facts in *Straub* were such that the mother was unmarried and there was no presumptive father-husband. However, the supreme court directly stated in *K.S. v. R.S.* that "[n]othing in the paternity act precludes a man otherwise authorized from filing a paternity action on the basis of the mother's marital status." *K.S. v. R.S.*, 669 N.E.2d 399, 403 (Ind. 1996). Presumably, the child also would be able to file the action against the third-party donor (to the extent his identity is available) because, according to *Straub*, the child's rights may not be contracted away or otherwise eliminated by the mother and biological father.

96. To date, the legislature has not required that the third-party donor be identifiable to the child, mother, or husband.

97. *Levin*, 645 N.E.2d at 605.

98. *K.S.*, 669 N.E.2d at 402.

interest or the minimum requirements of such statutes and decline to do so.⁹⁹

The Indiana Supreme Court has at least vaguely recognized a liberty interest of a biological father to establish paternity in his biological child, even when the child is born into the mother's marriage to another man while that marriage remains intact.¹⁰⁰

However, such a vague recognition of a liberty interest in the biological father ignores the weighty liberty interests of a mother, child and family to remain intact and free from interference from attacks by third parties who wish to assert paternity over children born into an intact marriage. To prefer the rights of the biological father over those of the mother and child is to impose a patriarchal system onto the family from without.¹⁰¹ Taken to its extreme, even a rapist of a woman who is married and conceives as a result of the rape by the third party is granted more latitude than the mother of the child with regard to the law of paternity.¹⁰²

There is also the issue of equal protection, which was not addressed by the parties in *K.S. v. R.S.*, but which was raised by the putative father in *Michael H.* The plurality opinion applied the "rational relationship" test to the equal protection argument asserted by the putative father and determined that the legitimate state end of preserving family harmony in an intact marriage may be achieved through the rational means of denying a third party or the child the opportunity to establish the paternity in a man outside of the intact family.¹⁰³ The Indiana Supreme Court did not address the issue of equal protection. A similarly-situated mother, child, and presumptive father-husband are well-advised in future proceedings before the Indiana courts to frame their position in terms of equal protection. It remains to be seen whether the Indiana Supreme Court will view the preservation of family harmony in an intact marriage as a legitimate state end. It will also be interesting, though unlikely given the opinion of the Indiana Supreme Court in *K.S. v. R.S.*,

99. *Id.* at 404.

100. The supreme court also mentioned, though tangentially, that "the analysis should turn on the level of commitment to the responsibilities of parenthood the father demonstrates." *K.S.*, 669 N.E.2d at 404 (citing *W.W.W. v. M.C.S.*, 468 N.W.2d 719, 725 (Wis. 1991)). Although such an approach was not adopted by the court of appeals in *K.S. v. R.S.*, it is a preferable approach to the one taken by our supreme court in their resolution of the matter.

101. That is not to say that the child should necessarily be barred from bringing his own action of paternity against the father after the child reaches the age of adulthood. At that point, the family unit has completed its task of nurturing and rearing the child. Placing the decision in the hands of the adult child minimizes harm which may be inflicted upon the child and the family unit when a third party attempts to invade the marriage and establish paternity while the child is of tender years and subject to the whims of the adults and court system which surrounds him.

102. Of course, the parental rights of the rapist can be terminated, but it would be intolerable indeed to put a family through that ordeal. *Cf. Pena v. Mattox*, 84 F.3d 894, 900 (7th Cir. 1996) (refusal of state to grant parental rights to statutory rapist did not violate Federal Constitution).

103. *Michael H. v. Gerald D.*, 491 U.S. 110, 131 (1989).

to see whether denial of a putative father-third party's attempts to establish paternity in a man outside the intact family is viewed by the Indiana Supreme Court, as a rational means of protecting the legitimate state end of preserving the harmony of an intact family unit.

CONCLUSION

The resolution of the issue of whether a third party may seek to establish paternity in a child who is born into a marriage while that marriage remains intact cannot more clearly demonstrate the spectrum of jurisprudential philosophy of the courts of Indiana. As indicated, the implications of such a decision are far-reaching and encompass such matters as the integrity of the intact family structure, the impact of certain paternity proceedings on the children involved, the rights of a biological father, the concept of judicial activism versus judicial restraint in the absence of express statutory language, intestate succession rights with regard to the child, and the rights of children to an orderly and stable family life. An underlying, and hopefully unintended, result of the *K.S. v. R.S.* decision is to place the best interests of the child second to the interests asserted by the biological father-third party. The legislature may choose to clarify the law in this area and, in so doing, will hopefully place a higher value on the harmony of an intact family unit than the current statutory provision does as is interpreted by the court. Until we obtain further guidance from the legislature, the courts should guard against the temptation of writing legislation in the absence of express statutory provision.¹⁰⁴

104. [Eds. Note: The Indiana Supreme Court decided *Russell v. Russell*, No. 49S04-9611-CV-705, 1997 WL 356940 (Ind. June 30, 1997), as this issue was going to print.]

THE IMPACT OF TECHNOLOGICAL ADVANCEMENT ON PHARMACEUTICAL COMPANY LIABILITY

MICHAEL B. McMAINS*
CATHERINE M. MORRISON**

INTRODUCTION

Technological advancement is generally regarded as beneficial to society. Increases in technology tend to positively impact both individuals and business entities. For individuals, technological advancement usually translates to a higher standard of living or quality of life. This can materialize in the form of a more comfortable lifestyle and a more satisfying personal and professional life. For business and industry, such advancements are usually considered opportunities for increasing efficiency and higher profits. However, businesses should be aware that, from a legal standpoint, technological advancements may also result in increased responsibilities and liabilities to customers, business partners, and society as a whole. The positive and negative implications of technological advancements are quite possibly most profound in the medical and pharmaceutical industries.

It is not uncommon for unsafe or defective drugs to reach pharmacies or other ultimate outlets for retail consumption, nor is it uncommon for there to be newly discovered drug interactions, adverse reactions, contraindications, or precautions, of which ultimate distributors and retailers need to be made aware. In such instances, pharmaceutical manufacturers are compelled to notify such pharmacies to recall or issue notifications regarding drugs that have been previously distributed to wholesalers and retail pharmacies. Such notifications often require distributors and salespersons to stop selling the drug at issue and require pharmacies to remove such drugs from their shelves or provide more adequate warnings regarding newly discovered information. However, there is often a significant delay after an announced recall or other need for notification before pharmacies across the country are notified. During this period of delay, distribution and sale of the drug often continues, allowing consumers additional exposure to the unsafe, defective, or deceptive product.

Although early notification systems are, and should be, utilized for recall and post-distribution notifications of all defects, situations requiring recall are the most serious. The focus of this Article is the legal implications associated with drug recall. However, they also apply to the need to notify retailers regarding newly discovered drug interactions, adverse reactions, contraindications or other needs for precautions.

* Principal, McMains, Goodin & Orzeske, P.C., Indianapolis; Adjunct Professor of Food & Drug Law, Indiana University School of Law—Indianapolis. B.S., 1981, Purdue University; J.D., *cum laude*, 1993, Indiana University School of Law—Indianapolis.

** Partner, Wolf & Morrison, Indianapolis. B.A., *cum laude*, 1990, DePauw University, Greencastle, Indiana; J.D., *cum laude*, 1993, Indiana University School of Law—Indianapolis. Thomas E. Scifres, associate, Stewart & Irwin, Indianapolis, also contributed to this Article.

This Article will first provide a general overview of federal regulations governing drug recalls. It will then examine the potential liability of pharmaceutical manufacturers and distributors for any injury or damage to consumers resulting from use of a drug after discovery of a defect and subsequent recall or issuance of a warning regarding newly discovered information about a drug. Specifically, this Article discusses the increased potential for liability resulting from the development of innovative nationwide systems by which pharmacies can be notified of the need to remove drugs from their shelves or the need to take other appropriate precautions within hours of the issuance of a notice of a defect. This Article concludes that the failure to utilize an early notification system could expose pharmaceutical manufacturers and distributors to costly lawsuits by consumers harmed by defective products, and that employing a service technologically equipped to provide the earliest possible notification of drug recalls is a cost-effective method of avoiding potential liability.

I. GENERAL OVERVIEW OF APPLICABLE FEDERAL REGULATIONS

A recall generally occurs because the drug in question is unsafe or problematic to the public, or violates Food and Drug Administration (FDA) regulations.¹ Manufacturers often recall drugs at the FDA's request, although the manufacturer itself may initiate a recall.² The FDA will request that a drug be recalled when it determines: "(1) That a product that has been distributed presents a risk of illness or injury or gross consumer deception[;] (2) [t]hat the firm has not initiated a recall of the product[; and] (3) [t]hat an agency action is necessary to protect the public health and welfare."³

The applicable federal regulations do not set forth specific procedures that manufacturers must follow when recalling a drug. Instead, federal regulations require only that manufacturers employ a recall strategy suitable to the circumstances of a particular recall, taking into account the depth of the recall necessitated by the product's hazardous nature and extent of distribution, the necessity for public warning, and the utilization of procedures to verify the effectiveness of a recall.⁴

1. The general policy governing drug recalls appears in the Code of Federal Regulations as follows:

Recall is an effective method of removing or correcting consumer products that are in violation of laws administered by the Food and Drug Administration. Recall is a voluntary action that takes place because manufacturers and distributors carry out their responsibility to protect the public health and well-being from products that present a risk of injury or gross deception or are otherwise defective.

21 C.F.R. § 7.40(a) (1996).

2. *Id.* § 7.40(b).

3. *Id.* § 7.45(a).

4. *Id.* § 7.42. This section requires that the recall strategy employed by the manufacturer provide for the following factors:

(i) Results of health hazard evaluation.

Title 21, section 7.49 of the Code of Federal Regulations governs the actual manner by which drug manufacturers communicate recalls. This regulation provides discretionary guidelines for manufacturers regarding the manner in which they communicate the recall of a product to distributors and retail pharmacies. Section 7.49 states, in relevant part, that “[a] recalling firm is responsible for promptly notifying each of its affected direct accounts about the recall. The format, content, and extent of a recall communication should be commensurate with the hazard of the product being recalled and the strategy developed for that recall.”⁵ Manufacturers may notify distributors and retail pharmacies by telegram, mailgrams, or first-class letters.⁶ Notification may also be accomplished by telephone, although the regulation states that telephonic notification should be followed by written notice.⁷

The overall import of the federal regulations governing drug recalls is clear: manufacturers are given broad discretion so that they may utilize the method that most promptly and effectively communicates the recall of a product to the affected distributors and pharmacies. The granting of such discretion should prompt manufacturers to utilize the most technologically advanced communication method available, because they will have difficulty raising the defense of strict regulatory compliance in the event of a lawsuit by someone injured by a recalled product that was not removed from the shelves in the most prompt and effective manner.⁸

II. THE ADVENT OF EARLY NOTIFICATION SYSTEMS

Recent technological advancements have led to the development of innovative

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- (ii) Ease in identifying the product.
 - (iii) Degree to which the product's deficiency is obvious to the consumer or user.
 - (iv) Degree to which the product remains unused in the market-place.
 - (v) Continued availability of essential products.

Id. § 7.42(a)(1). This regulation also requires the FDA to review the adequacy of a manufacturer's proposed recall strategy and recommend any appropriate changes thereto. *Id.* § 7.42(a)(2). When the FDA requests a drug's recall, the FDA develops the recall strategy, taking into account the same considerations outlined above. *Id.* § 7.42(a)(1).

5. *Id.* § 7.49(a).

6. *Id.* § 7.49(b).

7. *Id.*

8. Whether notification of a recall is sufficient and timely depends in part on the type of recall that is ordered. Recalls are categorized based upon the seriousness of the health risk presented by the product. Class III recalls are implemented when the defect or hazard is less serious and does not significantly alter the therapeutic effect of the prescribed drug. Class II recalls occur when the defect or hazard may alter the therapeutic effect of the prescribed drug, and the potential long-term effects may be life-threatening. Class I are considered emergency, and occur when the defect or hazard is immediate and life threatening to users. FOOD & DRUG ADMIN., U.S. DEP'T OF HEALTH & HUMAN SERVS., RECALL PROCEEDINGS, REG. PROC. MANUAL pt. 5, ch. 5, at 21-22 (1988). Logically, the potential exposure to liability for a delay in notifying pharmacies of a Class I recall is greater than it would be for a delay in notifying pharmacies of a Class III recall.

state-of-the-art systems by which manufacturers can notify distributors and pharmacies across the nation about drug recalls or other newly discovered risks or effects of particular drugs within hours of their issuance. The most comprehensive systems rely upon a combination of two primary notification methods.

First, technology is now available which allows manufacturers to notify by telephone virtually every pharmacy in the United States of drug recalls or other emergencies within two to four hours after the availability of the pertinent information. Notice by telephone involves a voice message system that is interactive with the recipient pharmacist or distributor to ensure receipt. Second, advances in technology have been developed to permit the printing, processing, and overnight delivery of a letter to virtually every pharmacy in the United States. Previously, no overnight carrier had the capacity to prepare and deliver up to 67,000 letters nationwide within a few hours notice.

A comprehensive state-of-the-art notification system would utilize both telephone voice messaging and an overnight delivery system in order to fully comply with the FDA recommendation that telephone notification of drug recalls be followed up with written notice.⁹ Due to their reliance on technological advancements, comprehensive services such as those described can be performed relatively inexpensively. In fact, the legal fees alone for defending a pharmaceutical manufacturer against a lawsuit brought by a party injured due to untimely notification of a drug recall would likely far exceed the cost of implementation and use of the above-described system.

Finally, early notification may also be accomplished by the use of facsimile machines and computers. Both methods are fast and accurate. However, because these methods require pharmacies to be equipped with either facsimile machines or computers with compatible software, they are less comprehensive than a system which utilizes telephone and mail delivery. The more comprehensive method of utilizing telephone and mail delivery for notification best fulfills the conditions necessary to protect manufacturers from delay-based liability; recall information is communicated accurately and reaches virtually all affected parties almost immediately.

III. THEORIES OF LIABILITY

A party injured by a recalled drug that was not removed from pharmacy shelves in the most timely manner available could bring legal action against pharmaceutical manufacturers based on general principles of negligence, as well as under the rubric of a manufacturer's post-sale duty to warn consumers of a defective product.

A. Negligence: General Principles

In order to understand the potential liability that drug manufacturers face, it is necessary to understand the general tort principles of negligence. Negligence is "conduct which falls below the standard established by law for the protection

9. See *supra* note 7 and accompanying text.

of others against unreasonable risk of harm.”¹⁰ Generally, the standard of conduct to which this refers is “that of a reasonable man under like circumstances.”¹¹ The reasonable person standard may be established in one of four ways: (1) by legislative enactment or administrative regulation providing a standard of reasonable conduct; (2) by judicial interpretation of a legislative enactment or administrative regulation as the standard of reasonable conduct; (3) by judicial decision; or (4) by determination of a trial judge or jury, when there is no applicable legislative enactment, administrative regulation, or judicial decision.¹²

The conduct at issue may consist of either an act¹³ or a failure to act when a duty to act exists.¹⁴ The omission of an act is negligent when the actor has a duty to do something that is necessary for the protection or assistance of another person, and the actor fails to do so.¹⁵

It is the omission of an act that is relevant in the context of a manufacturer’s failure to provide prompt notice of a drug recall. Specifically, the applicable federal regulations clearly place a duty on manufacturers to recall products that either the manufacturers or the FDA determine to be violative of the law, deceptive, or otherwise hazardous to consumers.¹⁶ Although the applicable regulations do not require that manufacturers notify distributors and pharmacies

10. RESTATEMENT (SECOND) OF TORTS § 282 (1965).

11. *Id.* § 283. Comment b to this section defines the qualities of a “reasonable man” as follows:

The words “reasonable man” denote a person exercising those qualities of attention, knowledge, intelligence, and judgment which society requires of its members for the protection of their own interests and the interests of others. It enables those who are to determine whether the actor’s conduct is such as to subject him to liability for harm caused thereby, to express their judgment in terms of the conduct of a human being. The fact that this judgment is personified in a “man” calls attention to the necessity of taking into account the fallibility of human beings.

Id. cmt. b. This standard, which is based on individual judgment, must be distinguished from the negligence standard, which is based on the level of standard demanded by the community for protection of its members against unreasonable risk of harm. The negligence standard is that:

Negligence is a departure from a standard of conduct demanded by the community for the protection of others against unreasonable risk. The standard which the community demands must be an objective and external one, rather than that of the individual judgment, good or bad, of the particular individual. It must be the same for all persons, since the law can have no favorites; and yet allowance must be made for some of the differences between individuals, the risk apparent to the actor, his capacity to meet it, and the circumstances under which he must act.

Id. cmt. c.

12. *Id.* § 285.

13. *Id.* § 2. This section defines an act as “an external manifestation of the actor’s will and does not include any of its results, even the most direct, immediate, and intended.”

14. *Id.* § 282 cmt. a.

15. *Id.* § 284(b).

16. 21 C.F.R. §§ 7.40, 7.45 (1996); *see supra* note 3 and accompanying text.

of a drug recall in a certain manner, the applicable regulation does require prompt notification, "commensurate with the hazard of the product being recalled."¹⁷ Historically, such notification has been via regular mail, leading to a significant lapse of time between the recall order and removal of the product on the retail level. This industry custom creates a window of negligence liability for manufacturers that could be easily avoided by implementing an early notification system.

The question of whether following an industry custom that lags behind technology meets the standard of reasonable care, thus avoiding negligence liability, was addressed in 1932.¹⁸ In a case dealing with the advanced receiver technology that had become available for tracking barges at sea, the Second Circuit determined that tugs were negligent in failing to equip themselves with functional receivers that would have picked up weather transmissions warning them of the storm in which they lost two barges belonging to the Northern Barge Company. In that case, the owners of the cargo on the barges sued Northern Barge Company under their carrier contracts; and in turn, Northern Barge Company sued the tugs on their towing contracts, seeking damages for the loss of the barges as well as the loss of the cargo by the barges. The court held that the tugs were liable for their loss of the barges and the barges' cargo.¹⁹

The crux of the court's decision was the fact that radio receivers were technologically available. The court noted that although it was not the general custom of sea carriers to equip their tugs with receivers, an adequate receiver was available at that time at a small cost and should have been utilized.²⁰ Specifically, the court stated:

Is it then a final answer that the business had not yet generally adopted receiving sets? There are, no doubt, cases where courts seem to make the general practice of the calling the standard of proper diligence; we have indeed given some currency to the notion ourselves. Indeed in most cases reasonable prudence is in fact common prudence; but strictly it is never its measure; a whole calling may have unduly lagged in the adoption of

17. *Id.* § 7.49(a); *see supra* note 5 and accompanying text.

18. *The T.J. Hooper*, 60 F.2d 737 (2d Cir. 1932).

19. *Id.* at 739-40.

20. In this regard, Judge Hand stated,

It is not fair that there was a general custom among coastwise carriers so to equip their tugs. One line alone did it; as for the rest, they relied upon their crews, so far as they can be said to have relied at all. An adequate receiving set suitable for a coastwise tug can now be got at a small cost and is reasonably reliable if kept up; obviously it is a source of great protection to their tows. . . . Whatever may be said as to other vessels, tugs towing heavy coal laden barges, strung out for a half a mile, have little power to maneuver, and do not, as this case proves, expose themselves to weather which would not turn back stauncher craft. They can have at hand protection against dangers of which they can learn in no other way.

Id.

new and available devices. It never may set its own tests, however persuasive be its usages. Courts in the end must say what is required; there are precautions so imperative that even their universal disregard will not excuse their omission.²¹

Accordingly, the court concluded that the losses were a direct consequence of the tugs' failure to utilize the reasonably available equipment.²²

This general principle has been universally adopted by the courts and incorporated into modern negligence theory and applied to advancements in other industries.²³ Section 295A of the Restatement (Second) of Torts provides: "In determining whether conduct is negligent, the customs of the community, or of others under like circumstances, are factors to be taken into account, but are not controlling where a reasonable man would not follow them."²⁴ Comment c to this section further describes the circumstances under which industry or trade custom would not be controlling:

Any such custom is, however, not necessarily conclusive as to whether the actor, by conforming to it, has exercised the care of a reasonable man under the circumstances, or by departing from it has failed to exercise such care. . . . No group of individuals and no industry or trade can be permitted, by adopting careless and slipshod methods to save time, effort, or money, to set its own uncontrolled standard at the expense of the rest of the community. If the only test is to be what has always been done, no one will ever have any great incentive to make any progress in the direction of safety. It follows, therefore, that whenever the particular circumstances, the risk, or other elements in the case are such that a reasonable man would not conform to the custom, the actor may be found negligent in conforming to it; and whenever a reasonable man would depart from the custom, the actor may be found not to be negligent in so

21. *Id.* at 740.

22. *Id.*

23. *See, e.g.,* Rodi Yachts, Inc. v. National Marine, Inc., 984 F.2d 880, 888 (7th Cir. 1993) ("One of the best-known principles of tort law . . . is that compliance with custom is no defense to a tort claim."); Tug Ocean Prince, Inc. v. United States, 584 F.2d 1151, 1156 (2d Cir. 1978) ("Methods employed in any trade, business, or profession, however long continued, cannot avail to establish as safe in law that which is dangerous in fact."); Advincula v. United Blood Servs., 654 N.E.2d 644, 649 (Ill. App. Ct. 1995) (local custom did not conclusively determine proper standards of practice in any profession); Clark v. St. Dominic-Jackson Mem'l Hosp., 660 So. 2d 970, 973 (Miss. 1995) (conformity with established medical custom was not conclusive of compliance with physicians' duty of care); Brooks v. Beech Aircraft Co., 902 P.2d 54, 64 (N.M. 1995) (custom of airline industry did not provide conclusive evidence that airline manufacturer met the standard of due care); Attocknie v. Carpenter Mfg., Inc., 901 P.2d 221, 228 (Okla. Ct. App. 1995) (compliance with federal safety standards did not necessarily relieve automobile manufacturer from potential liability for a design defect).

24. RESTATEMENT (SECOND) OF TORTS § 295A (1965).

departing.²⁵

As a result of this principle of tort law, businesses and industries must constantly strive to remain abreast of technological advancements that could potentially affect their exposure to negligence liability.

B. Manufacturers' Post-Sale Duty to Warn

Manufacturers may have a post-sale duty to warn under both negligence and strict products liability theories. The common law duty of a manufacturer to warn under negligence theory is controlled by the reasonable or prudent person standard as discussed above.²⁶ Liability under a strict products liability theory is often determined pursuant to statute.

1. *Negligent Failure to Warn.*—The negligence principles outlined often above have not yet been applied by our courts specifically to a pharmaceutical manufacturer's duty to provide timely notification of newly discovered risks and defects or drug recalls. However, potentially applicable cases that frequently arise in courts around the nation may be grouped in the category of negligent failure to warn cases.

General negligence principles require manufacturers to act with reasonable care upon learning of defects or risks associated with products already distributed into the stream of commerce.²⁷ Reasonable care under these circumstances has been interpreted as a duty to warn consumers of the risk involved in use of the product.²⁸ Moreover, in order to satisfy its duty to warn, a manufacturer must give an *effective* warning of that risk.²⁹

Whether a warning is effective is a question for the trier of fact and is determined, in part, by the apparent dangers of the product as well as by the time at which those dangers became apparent.³⁰ Factors a jury might consider in determining whether a warning was adequate include: (1) the hazard presented by the product; (2) how the product is used; (3) the form and magnitude of the warning; and (4) the foreseeability that the warning will be communicated to

25. *Id.* cmt. c.

26. *See supra* note 11 and accompanying text.

27. *See, e.g.,* Richter v. Limax Int'l, Inc., 45 F.3d 1464, 1467 & n.3 (10th Cir. 1995); Schenebeck v. Sterling Drug, Inc., 423 F.2d 919, 922 (8th Cir. 1970); Basko v. Sterling Drug, Inc., 416 F.2d 417, 426. (2d Cir. 1969); Reed v. Ford Motor Co., 679 F. Supp. 873, 879 (S.D. Ind. 1988) (interpreting IND. CODE § 33-1-1.5-2.5 (1988)); Comstock v. General Motors Corp., 99 N.W.2d 627, 634 (Mich. 1959); Cover v. Cohen, 461 N.E.2d 864, 871 (N.Y. 1984). *See also* Janet Fairchild, Annotation, *Liability of Manufacturer or Seller for Injury or Death Allegedly Caused by Failure to Warn Regarding Danger in Use of Vaccine or Prescription Drug*, 94 A.L.R. 3d 748 (1979).

28. *See infra* note 35 and accompanying text.

29. *Basko*, 416 F.2d at 426 (emphasis added) (citing *Sterling Drug, Inc. v. Yarrow*, 408 F.2d 978 (8th Cir. 1969)).

30. *Id.*

product users.³¹ Inherent in the factor concerning the form and magnitude of the warning is the speed in which notice thereof reaches its intended recipients, as well as the accuracy of that notice.

The ready availability of technological advances in the systems available for notification of risks and defects, as well as drug recalls, increases the risks of negligence liability for those companies that do not avail themselves of such technology.

2. *Strict Products Liability*.—In *Basko v. Sterling Drug, Inc.*, the court addressed circumstances in which manufacturers of drugs containing chloroquine failed to warn physicians and consumers of the risk that use of the drug would cause idiosyncratic retinal damage. The court stated:

Our case presents special problems because when chloroquine was first developed and tested, there was no known or foreseeable risk of idiosyncratic retinal damage. Thus, defendant could not initially be expected to warn of unknown dangers. When the risk became apparent, however, a duty to warn attached.³²

In *Basko*, the court based its analysis in terms of Section 402A of the Restatement (Second) of Torts (addressing strict products liability). Section 402A provides:

(1) One who sells any product in a defective condition unreasonably dangerous to the user or consumer or to his property is subject to liability for physical harm thereby caused to the ultimate user or consumer, or to his property, if

- (a) the seller is engaged in the business of selling such a product, and
- (b) it is expected to and does reach the user or consumer without substantial change in the condition in which it was sold.

(2) The rule stated in Subsection (1) applies although

- (a) the seller has exercised all possible care in the preparation and sale of his product, and
- (b) the user or consumer has not bought the product from or entered into any contractual relation with the seller.³³

However, language in comment k to Section 402A makes an exception to strict liability for sellers of unavoidably unsafe products, such as drugs:

There are some products which, in the present state of human knowledge, are quite incapable of being made safe for their intended and ordinary use. These are especially common in the field of drugs. . . . The seller of such

31. *Dougherty v. Hooker Chem. Corp.*, 540 F.2d 174, 179 (3d Cir. 1976) (citing *Thomas v. Arvon Prod. Co.*, 227 A.2d 897 (Pa. 1967)); *Weekes v. Michigan Chrome & Chem. Co.*, 352 F.2d 603 (6th Cir. 1965)); *Tampa Drug Co. v. Wait*, 103 So. 2d 603 (Fla. 1958); *West v. Broderick & Bascom Rope Co.*, 197 N.W.2d 202 (Iowa 1972); *Younger v. Dow Corning Corp.*, 451 P.2d 177 (Kan. 1969); *Seibel v. Symons Corp.*, 221 N.W.2d 50 (N.D. 1974).

32. *Basko*, 416 F.2d at 426.

33. RESTATEMENT (SECOND) OF TORTS § 402A (1965).

products, again with the qualification that they are properly prepared and marketed, and proper warning is given, where the situation calls for it, is not to be held to strict liability for unfortunate consequences attending their use, merely because he has undertaken to supply the public with an apparently useful and desirable product, attended with a known but apparently reasonable risk.³⁴

The *Basko* court concluded that, in the drug context, comment k simply adopted the

ordinary negligence concept of duty to warn. If proper warning is given "where the situation calls for it," the manufacturer is "not to be held to strict liability for the unfortunate consequences . . . merely because he has undertaken to supply the public with an apparently useful and desirable product, attended with a known but apparently reasonable risk."³⁵

The court of appeals thus analyzed all of the plaintiff's claims in terms of a negligent failure to warn of discovered defects.

The duty to warn in the context of dangerous or defective drugs normally extends only from manufacturers to physicians, based on the "learned intermediary" doctrine.³⁶ Under this doctrine, the manufacturer has no duty to warn the patient, but need only warn the patient's doctor:

To recover for a failure to warn under this doctrine, a plaintiff must show: (1) that the defendant failed to warn the physician of a risk associated with the use of the product, not otherwise known to the physician, and (2) that the failure to warn the physician was both a cause in fact and the proximate cause of the plaintiff's injury. Because the defective aspect of the product must cause the injury, the plaintiff must show that a proper warning would have changed the decision of the treating physician, i.e. that but for the inadequate warning, the treating physician would not have used or prescribed the product.³⁷

The practical application of the learned intermediary doctrine insulates manufacturers from failure to warn claims if the manufacturer has provided reasonable notification of the potential hazard to the physician.

Although in drug cases, the learned intermediary doctrine has generally been

34. *Id.* cmt. k.

35. *Basko*, 416 F.2d at 426 (quoting RESTATEMENT (SECOND) TORTS § 402A cmt. k) (omission in original).

36. See *Willett v. Baxter Int'l, Inc.*, 929 F.2d 1094, 1098 (5th Cir. 1991) (citing *Anderson v. McNeilab, Inc.*, 831 F.2d 92, 93 (5th Cir. 1987)); *Rhoto v. Ribando*, 504 So. 2d 1119, 1123 (La. Ct. App. 1987)). For additional cases citing the learned intermediary doctrine, see *Violette v. Smith & Nephew Dyoics, Inc.*, 62 F.3d 8, 13 (1st Cir. 1995); *Toole v. McClintock*, 999 F.2d 1430, 1433 (11th Cir. 1993); *Crisostomo v. Stanley*, 857 F.2d 1146, 1152 n.16 (7th Cir. 1988); *Nichols v. McNeilab, Inc.*, 850 F. Supp. 562, 564 (E.D. Mich. 1993).

37. *Willett*, 929 F.2d at 1098-99.

applied where physicians were the intermediaries, this doctrine could arguably be applied to insulate manufacturers from liability to consumers where pharmacies are the learned intermediaries, in the specific context of a drug recall.³⁸ Specifically, if a pharmaceutical manufacturer provided reasonable notice to pharmacies that a product was subject to recall and should not be dispensed, the manufacturer would not be liable to the ultimate consumer for damage caused by the product after notice was provided. Once again, the manufacturer's potential liability would turn upon whether it was negligent in its duty to warn pharmacies; that is, whether it gave reasonable notice to pharmacies of the drug's recall. Whether notice was reasonable would depend upon the principles of negligence discussed above.³⁹ Again, whether manufacturers would be considered negligent in warning of a product's danger would likely depend largely upon whether they utilized the most efficient means of notification technologically available.⁴⁰

In addition to liability for damages under negligence theory, manufacturers who are aware that a product is defective, but fail to provide prompt notice of that defect to the necessary intermediaries or consumers, or fail to recall it as recommended by the FDA, may be subject to a claim for punitive damages.⁴¹ Such potential for damage awards could be largely avoided by utilizing the most effective, technologically advanced notification system available to drug manufacturers.

CONCLUSION

Technological advances not only benefit society, but have the potential secondary effect of imposing higher standards of conduct on those in a position to prevent harm to others. In few fields are technological advances more prevalent than in medicine. This Article has demonstrated the potential liability for drug manufacturers who fail to employ the most efficient drug recall and notification systems technologically available. Liability in failure to warn cases may be founded in strict products liability or in general principles of negligence.

As technology advances, pharmaceutical manufacturers ought to take the steps necessary to ensure that they are utilizing the most accurate and timely notification

38. The *Willett* court did not limit the learned intermediary doctrine to physicians. Instead, the court described the doctrine as generally applying to "the one to whom the warning is directed [by the manufacturer], and is the one who makes the decision whether to use the product." *Id.* at 1098 n.16 (citing *Halphen v. Johns-Mannsville Sales Corp.*, 484 So. 2d 110, 115 (La. 1988)). The court went on to interpret the duty to warn in the learned intermediary context as requiring an "adequate warning of inherent dangers not within the knowledge of or obvious to the average learned intermediate." *Id.*

39. See *supra* notes 26-31 and accompanying text.

40. The *T.J. Hooper*, 60 F.2d 737, 740 (2d Cir. 1932).

41. See *Lewy v. Remington Arms Co.*, 836 F.2d 1104, 1106-07 (8th Cir. 1988); *O'Gilvie v. International Playtex, Inc.*, 821 F.2d 1438, 1446 (10th Cir. 1987); *Gillham v. Admiral Corp.*, 523 F.2d 102, 107 (6th Cir. 1975). See also *Reed v. Ford Motor Co.*, 679 F. Supp. 873, 879-80 (S.D. Ind. 1988).

methods available. By doing so, they can most effectively prevent these types of claims and minimize their resultant liability costs and reputational damage. Unless manufacturers take steps to adopt the most reasonably efficient notification system to most effectively notify distributors and retailers of newly discovered information with respect to defective drugs or other potential harms to the consuming public, the issue of adequate notification could become a subject of extensive litigation in years to come.

NOTES

THE WEAKENING OF THE PRESUMPTION OF VALIDITY FOR DESIGN PATENTS: CONTINUED CONFUSION UNDER THE FUNCTIONALITY AND MATTER OF CONCERN DOCTRINES

STEVEN A. CHURCH*

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* J.D. Candidate, 1998, Indiana University School of Law—Indianapolis; M.B.A. Candidate, 1998, Indiana University School of Business—Indianapolis; B.S., 1992, University of Evansville, Evansville, Indiana. The author is a part-time clerk at Barnes & Thornburg. Barnes & Thornburg represented Best Lock Corporation in *Best Lock Corp. v. Ilco Unican Corp.*, 896 F. Supp. 836 (S.D. Ind. 1995), *aff'd*, 94 F.3d 1563 (Fed. Cir. 1996), which is cited herein. Although the idea for this note was partially inspired by the *Best Lock* case, the views expressed herein are those of the author (who did not participate in the *Best Lock* case) and not those of the firm or its clients.

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INTRODUCTION

Under Title 35 of the U.S. Code, a patent granted by the U.S. Patent and Trademark Office (USPTO) is presumed valid.¹ This presumption applies to both utility patents (which cover *functional* inventions—e.g., a carburetor)² and design patents (which cover *ornamental* inventions—e.g., a hood ornament)³ equally.⁴ This statutory presumption of patent validity “rests on a legislative recognition of the considerable expertise possessed by the Patent Office and an assumption that the Office properly performs its administrative functions.”⁵ “Thus, there is a wide agreement that the burden on the party asserting invalidity is a heavy one.”⁶

However, as one author has accurately concluded, “The statutory presumption of validity with respect to design patents appears to be easily overcome through a modicum of evidence and a plethora of judicial creativity.”⁷ At least two studies suggest that the presumption of validity for design patents has been relatively weak.⁸ In one study, Raymond L. Walter demonstrated that the holder of a design patent could have expected a court to find the patent valid only 23% of the time.⁹

1. 35 U.S.C. § 282 (Supp. I 1995).

2. See *infra* Part I.A.

3. See *infra* Part I.B.

4. 37 C.F.R. § 1.151 (1996) (“The rules relating to applications for patents for other inventions or discoveries are also applicable to applications for patents for designs except as otherwise provided.”).

5. *Contico Int’l Inc. v. Rubbermaid Commercial Prods., Inc.*, 665 F.2d 820, 822-23 (8th Cir. 1981).

6. *Id.* at 823.

7. Thomas B. Lindgren, *The Sanctity of the Design Patent: Illusion or Reality? Twenty Years of Design Patent Litigation Since Compco v. Day-Brite Lighting, Inc., and Sears, Roebuck & Co. v. Stiffel Co.*, 10 OKLA. CITY U. L. REV. 195, 257 (1985).

8. Lawrence E. Evans, Jr., *Design Patents*, in FUNDAMENTALS OF PATENT LAW AND PRACTICE 85, 100 (1993) (ALI-ABA Course of Study No. C806) (citing Raymond L. Walter, *A Ten Year Study of Design Patent Litigation*, 35 J. PAT. & TRADEMARK OFF. SOC’Y 389 (1953)); Lindgren, *supra* note 7.

9. Walter, *supra* note 8. In this study, Raymond L. Walter performed a ten-year (1942-1951) survey of design patent litigation. Walter evaluated a total of 205 litigated design patents for

In a similar study, Thomas B. Lindgren showed that the holder of a design patent could have generally expected a court to hold his or her design patent valid only 29% of the time.¹⁰

Furthermore, although Lawrence E. Evans, Jr. concluded that “these unfavorable trends have been reversed,”¹¹ his study stated that only a “majority” of litigated design patents from 1987 to 1993 were held valid.¹² Certainly, the Evans study indicates a desirable improvement from the Walter and Lindgren results, but given the special expertise of the USPTO, the courts’ finding of validity a mere majority of the time seems unwarranted. It seems that design patents are still invalidated far too often.

The question that naturally follows is: “Why are so many design patents invalidated by the judiciary?” It is the main purpose of this Note to offer an answer to this question and a solution to this problem. One scholar has suggested two plausible answers to this question: (1) that perhaps only the “weak patents are attacked” or (2) that the “subjective nature of the judgment . . . [where] [t]he Patent Office examiners see it one way; a trial judge another; [and] an appellate bench another” causes higher percentages of invalidity.¹³ This Note suggests an alternative explanation which, unlike the answers above, would provide a means of strengthening the presumption of validity for design patents.

this period. Of the 205 cases, Walter reported that the courts in 48 of these cases expressly addressed the issue of validity and of those 48 design patents, 11 were held valid while 37 were held invalid. Thus, design patents from 1942 to 1951 were held valid only 23% of the time according to this study.

10. Lindgren, *supra* note 7. In this study, Thomas B. Lindgren used Westlaw and Lexis to find all design patent infringement cases from 1964 to 1983. Lindgren evaluated 124 design patent cases and reported that the courts in 87 of the cases expressly addressed validity and of those cases, 25 design patents were held valid, while 62 were declared invalid. Thus, according to this study, design patents were held valid only 29% of the time from 1964 to 1983. *Id.* at 195 n.**.

11. Evans, *supra* note 8, at 104. Evans apparently credited this reversal in trends to the creation of the Federal Circuit in the fall of 1982. For the uninitiated, Congress created the Court of Appeals for the Federal Circuit in 1982 to set precedent for and have the power of review over the federal district courts. 28 U.S.C. § 41 (1994); Douglas M. McAllister, *The Ornamentality Standard of Design Patents: Evolution and Rejection of the “Hidden in Use” Test*, 13 U. BRIDGEPORT L. REV. 419, 452 n.1 (1993) (citing EDMUND W. KITCH & HARVEY S. PERLMAN, *LEGAL REGULATION OF THE COMPETITIVE PROCESS* 793 (4th ed. 1991)). Prior to 1982, if an Examiner rejected an applicant’s patent application, the applicant’s course of appeal was first to the Board of Patent Appeals and Interferences, then to the Court of Customs and Patent Appeals (CCPA), and then to the U.S. Supreme Court. Since 1982, however, the applicant’s appeal procedure begins with the Board of Patent Appeals and Interferences, then goes to either the District Court or to the Federal Circuit, then to either the Federal Circuit (if the District Court was previously appealed to) or to the Supreme Court (if the Federal Circuit was previously appealed to). *See also* RONALD B. HILDRETH, *PATENT LAW: A PRACTITIONER’S GUIDE* 30, 31 (2d ed. 1993). Accordingly, the Federal Circuit is the successor to the CCPA which no longer exists.

12. Evans, *supra* note 8, at 104.

13. Ralph S. Brown, *Design Protection: An Overview*, 34 UCLAL REV. 1341, 1357 (1987).

This Note concludes that an unreasonable number of design patents are held invalid because the functionality and matter of concern doctrines (which are judicial requirements for design patent validity) have been inadequately defined. Further, this Note concludes that because of the inadequately defined doctrines, there has been considerable judicial confusion which has led to inconsistent results and incorrect findings of design patent invalidity. This Note also proposes a solution: by narrowing the legal standards which define both doctrines, the judicial review of design patent validity will be easier and more effective, will yield a higher percentage of design patent validity, and will better promote the legislative purpose behind creating design patents.

I. BACKGROUND INFORMATION ABOUT PATENTS

Although various types of protection are available to artists, inventors, designers, or just "regular Joes" who are lucky enough to have a new and original idea worthy of legal protection in the United States,¹⁴ this Note focuses only on patent protection. Accordingly, this section provides some general background information relating to utility patents and design patents which is critical to the development of this Note.

The U.S. Constitution grants Congress the power to pass laws relating to patents.¹⁵ Under this authority, Congress promulgated the patent laws which are embodied in Title 35 of the U.S. Code, and federal courts have exclusive jurisdiction over matters arising under these laws.¹⁶ Under this Title, two main types of patents are available to an inventor: (1) utility patents, and (2) design patents.¹⁷ A utility patent can be obtained for "any new and *useful* process, machine, manufacture, or composition of matter, or any new and *useful* improvement therefor. . . ."¹⁸ And a design patent can be obtained for "any new, original and *ornamental* design for an article of manufacture. . . ."¹⁹

To obtain a patent (either utility or design), an inventor or discoverer must apply for a patent through a process known as "patent office prosecution."²⁰ This involves submitting an application (with appropriate fees)²¹ to the USPTO for

14. There are generally four types of intellectual property protection that are currently available: (1) patent, (2) trademark, (3) copyright, and (4) trade dress.

15. U.S. CONST. art. I, § 8, cl. 8 ("Congress shall have power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.").

16. 28 U.S.C. § 1338(a) (1994).

17. HILDRETH, *supra* note 11, at 4-7. An inventor can also obtain a plant patent (35 U.S.C. § 161 (1994)) (for asexually reproducing any distinct and new variety of plant) and/or a reissue patent (for correcting errors within their previously issued patent). *Id.* § 251. However, the focus in this Note is on utility and design patents.

18. 35 U.S.C. § 101 (1994) (emphasis added).

19. *Id.* § 171 (emphasis added).

20. HILDRETH, *supra* note 11, at 13.

21. 35 U.S.C. § 41 (Supp. I 1995).

approval.²² A Patent Examiner working for the USPTO studies the application to decide whether to accept the application and grant a U.S. patent or to reject the invention, thereby denying a U.S. patent.²³ If the examiner allows a patent to issue to the inventor, the patent represents an exclusive “grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States”²⁴ Thus, “[a] patent is a contract between an inventor and the United States government under which the government grants the inventor a limited monopoly, . . . [and in return] the inventor discloses the complete invention to the public in order to promote the progress of science.”²⁵

A. Utility Patents

Utility patents are the most common form of patents in the United States and “are what most people think of when they think of a patent.”²⁶ A utility patent can be obtained by anyone who “invents or discovers any new and *useful* process, machine, manufacture, or composition of matter, or any new and *useful* improvement therefor.”²⁷ Hence, the word, “utility,” derives from the fact that a utility patent must perform some “useful” function. For example, utility patents have issued for technology ranging from barbed wire to cellular phones, from paper clips to computers, and from shingles to lasers. In fact, utility patents are available for “all sorts of structural and functional technology.”²⁸ The critical point here is that utility patents are reserved for inventions that serve some *useful* or utilitarian *function* (e.g., the cellular phone must allow a user to make a phone call from almost anywhere; the paper clip must hold paper together; and the shingle must protect against moisture).

In addition to meeting the utility requirement of 35 U.S.C. § 101, an invention must also meet four substantive requirements in order for a patent to issue: (1) the subject matter must fall within one of the categories of § 101 (e.g., a process, machine, manufacture, composition of matter, or improvement therefor);²⁹ (2) the subject matter must satisfy the originality requirements of § 101 and § 115; (3) the claimed invention must be novel as defined by § 101 and § 102; and (4) the subject matter must not be obvious, under § 103, at the time the invention was made to one skilled in the art to which the subject matter pertains.³⁰ Once these

22. McAllister, *supra* note 11, at 452 n.1 (citing KITCH & PERLMAN, *supra* note 11, at 793). See also HILDRETH, *supra* note 11, at 29-32.

23. McAllister, *supra* note 11, at 452 n.1.

24. 35 U.S.C. § 154 (1994).

25. HILDRETH, *supra* note 11, at 1.

26. Perry J. Saidman, *The Glass Slipper Approach to Protecting Industrial Designs or When the Shoe Fits, Wear It*, 19 U. BAL. L. REV. 167, 167 (1989).

27. 35 U.S.C. § 101 (1994) (emphasis added).

28. Saidman, *supra* note 26, at 167.

29. See *supra* note 27 and accompanying text.

30. McAllister, *supra* note 11, at 452 n.3.

requirements are met, the invention can issue as a U.S. patent which will be valid for a term of twenty years from the date the application was filed.³¹ The twenty-year term cannot be renewed or extended.³²

B. Design Patents

Unlike utility patents, design patents are not granted for "useful" inventions or discoveries.³³ Instead, design patents are only available for "ornamental" designs on articles of manufacture.³⁴ For example, if an inventor of a cellular phone came up with some sleek new design (in addition to inventing improved functional qualities of the phone), such as configuring the phone in some new geometrical shape or providing grooves and lines on the phone which made the phone more appealing, the inventor could potentially obtain a design patent covering the ornamental qualities of the phone. As this example illustrates, it is possible to obtain both a utility patent and a design patent for the same article of manufacture, such as a cellular phone, provided the article has both functional and ornamental qualities (and meets the other requirements of patentability). However, the utility patent can relate only to the "functional" or useful aspect(s) of the article,³⁵ and the design patent can relate only to the ornamental characteristic(s) of the article.³⁶

Accordingly, courts unanimously agree that an ornamental design cannot be functional.³⁷ This is the basis for the functionality doctrine which will be discussed below. However, there is currently some confusion as to what legal standard should be applied in determining whether a design is functional.³⁸ Some

31. 35 U.S.C. § 154(a)(2) (1994).

32. Evans, *supra* note 8, at 89.

33. See 35 U.S.C. § 171 (1994) ("Whoever invents any new, original and *ornamental* design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.") (emphasis added).

34. *Id.* The word, "useful," from § 101 (for utility patents) is replaced with the word, "ornamental," in § 171 (for design patents). Of course, an ornamental design must also satisfy the novel requirements of § 102, the nonobvious requirement of § 103, and the originality requirements of § 101 and § 115 (as indicated by the "new" and "original" language in § 171) in order to be patentable.

35. *Id.* § 101.

36. *Id.* § 171.

37. *In re Carletti*, 328 F.2d 1020, 1022 (C.C.P.A. 1964) ("[W]hen a configuration is the result of functional considerations only, the resulting design is not patentable as an ornamental design for the simple reason that it is not 'ornamental'—was not created for the purpose of ornamenting."). *But see Barofsky v. General Elec. Corp.*, 396 F.2d 340, 342 (9th Cir. 1968) (applying functionality and ornamentality as distinct concepts).

38. See Perry J. Saidman & John M. Hintz, *The Doctrine of Functionality in Design Patent Cases*, 19 U. BALT. L. REV. 352, 353 (1989) ("[T]here is some confusion whether the functionality standard should be couched in terms of designs which are primarily functional or solely functional.").

courts have stated that a design patent cannot be obtained for designs which are “solely functional,” yet other courts have stated that design patents cannot be obtained for designs that are “primarily functional.”³⁹ The side-by-side existence of these two tests is troubling. Moreover, the application of the primarily functional test weakens the presumption of validity and results in the unnecessary invalidation of many design patents⁴⁰ Part II.A of this Note analyzes the doctrine of functionality, illustrates the courts’ use of dual standards and offers a solution to remedy the current situation.

Along with the functionality doctrine mentioned above, the judiciary has also created a matter of concern test which must be satisfied in order to meet the ornamental requirement of § 171.⁴¹ Like the functionality doctrine, the matter of concern doctrine has caused considerable confusion.⁴² Courts have wrongly defined the time period in which a design must satisfy the matter of concern requirement. As a result, this doctrine is also causing design patents to be unjustifiably invalidated, thereby weakening the presumption of validity. Part II.B of this note analyzes the matter of concern doctrine in order to pinpoint the problem with the current doctrine and to offer a realistic solution.

It is worth noting that in addition to the confusion surrounding the functionality and matter of concern doctrines individually, some courts have also erroneously merged the functionality and matter of concern doctrines together.⁴³ As a result, the already confusing doctrines are even more difficult to understand and the presumption of validity is weakened even further. Thus, even if courts do not adopt the suggestions provided in this Note for narrowing the scope of the two doctrines, courts should at least analyze the doctrines separately when rendering opinions.

II. THE ORNAMENTALITY REQUIREMENT: DEVELOPMENT OF THE FUNCTIONALITY AND MATTER OF CONCERN DOCTRINES

As mentioned above, design patents are only available for ornamental designs on articles of manufacture.⁴⁴ Although the first design patent laws enacted by Congress in 1842 did not include the ornamental requirement,⁴⁵ the statute underwent several amendments,⁴⁶ and in 1902 the ornamental requirement was

39. *Id.*

40. *See infra* Part II.A.

41. *See In re Koehring*, 37 F.2d 421, 423 (C.C.P.A. 1930) (stating the matter of concern test as follows: “Is the ornamentation [of the article] a matter of concern to anybody, reasonably within the purview of the act?”).

42. *See infra* Part II.B.

43. *See infra* note 121 and accompanying text.

44. 35 U.S.C. § 171 (1994).

45. Act of Aug. 29, 1842, ch. 263, 5 Stat. 543.

46. *See McAllister, supra* note 11, at 421-22:

The original statute contained no requirement that a design be ornamental to qualify as patentable subject matter. The Act of 1861 and the Act of 1870 slightly modified the

added.⁴⁷ The current design patent statute reads:

Whoever invents any new, original and *ornamental* design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title. The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.⁴⁸

To meet the ornamental requirement of § 171, courts have developed two prerequisites that a design patent must satisfy in order to be valid: (1) the design must meet the doctrine of functionality requirements⁴⁹ and (2) the design must be a “matter of concern.”⁵⁰ These doctrines will be discussed in the following two sections.

A. *The Doctrine of Functionality*

“The question of when the functionality of a design so permeates an article of manufacture that design patent protection is not available under the law is a complex issue and one that continues to be the subject of considerable judicial attention.”⁵¹ Still, the requirement that ornamental designs cannot be functional remains in force.⁵²

1. *Historical Development of the Doctrine of Functionality.*—Although the term, functionality, is not used in the design patent statute,⁵³ courts have read into the statute that “designs be nonfunctional as the converse of the statutory requirement of ornamentality.”⁵⁴ However, because “[i]tems of manufacture are, for the most part, not likely to survive in the marketplace unless they perform some function, . . . the fact that an item is functional cannot mean that it cannot be the subject of a valid design patent.”⁵⁵ Indeed, as the Federal Circuit stated in *Avia*

wording of 5 Stat. 543 § 3, which subsequently became section 4929 of the Revised Statutes of 1874. Section 4929, like the original statute, specifically delineated certain articles deemed proper subjects for design patents. This modified version of the original statute also omits any reference to ornamentation as a prerequisite to patentability.

Congress amended section 4929 of the Revised Statutes in 1902 . . . primarily for the purpose of substituting the word ‘ornamental’ in place of the word ‘useful’ in the former statute.

Id. (citation omitted).

47. *Id.*

48. 35 U.S.C. § 171 (1994) (emphasis added).

49. See *supra* note 37 and accompanying text.

50. See *supra* note 41 and accompanying text.

51. *Chrysler Motors Corp. v. Auto Body Panels Inc.*, 908 F.2d 951, 954 (Fed. Cir. 1990).

52. See *supra* note 37 and accompanying text.

53. See 35 U.S.C. § 171 (1994).

54. Saidman & Hintz, *supra* note 38, at 352 n.3.

55. *Smith v. M & B Sales & Mfg.*, No. C 89 0293 MHP (WDB), 1990 WL 11112, at *2 (N.D. Cal. Jan. 31, 1990).

Group International, Inc. v. L.A. Gear California:⁵⁶

There is no dispute that shoes are functional and that certain features of the shoe designs in issue perform functions. However, a distinction exists between the functionality of an article or features thereof and the functionality of the particular design of such article or features thereof that perform a function. Were that not true, it would not be possible to obtain a design patent on a utilitarian article of manufacture, . . . or to obtain both design and utility patents on the same article⁵⁷

Thus, even though a particular design has functional qualities (e.g., a kitchen chair),⁵⁸ “a design may embody functional features and still be patentable.”⁵⁹

The doctrine of functionality was developed primarily to distinguish between those articles which are functional and those which are not.⁶⁰ Accordingly, in the case, *In re Carletti*,⁶¹ one of the most significant opinions on the issue of functionality,⁶² the court stated that “it has long been settled that when a configuration is the result of functional considerations *only*, the resulting design is not patentable as an ornamental design.”⁶³ Similarly, in the case, *In re Garbo*,⁶⁴ the court stated that in order for a design patent to be valid, “the design must have an unobvious appearance distinct from that dictated *solely* by functional

56. 853 F.2d 1557 (Fed. Cir. 1988).

57. *Id.* at 1563 (citations omitted).

58. The following list of cases illustrates that design patents can be held valid despite the utilitarian nature of the article of manufacture: *In re Klein*, 987 F.2d 1569 (Fed. Cir. 1993) (roof or siding shingle); *Braun, Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815 (Fed. Cir. 1992) (hand-held kitchen blender); *Padco, Inc. v. Newell Co.*, 878 F.2d 1445 (Fed. Cir. 1989) (paint roller); *Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557 (Fed. Cir. 1988) (shoes); *Jacuzzi, Inc. v. Kohler Co.*, 835 F.2d 870 (Fed. Cir. 1987) (bath tubs); *In re Sung Nam Cho*, 813 F.2d 378 (Fed. Cir. 1987) (bottle cap); *Pacific Furniture Mfg. Co. v. Preview Furniture Corp.*, 800 F.2d 1111 (Fed. Cir. 1986) (chairs); *Contico Int'l Inc. v. Rubbermaid Commercial Prod.*, 665 F.2d 820 (5th Cir. 1981) (dolly for refuse containers); *In re Zahn*, 617 F.2d 261 (C.C.P.A. 1980) (drill bit shank); *In re Swett*, 451 F.2d 631 (C.C.P.A. 1971) (food storage bowls); *In re Koehring*, 37 F.2d 421 (C.C.P.A. 1930) (cement mixer); *Smith Corona Corp. v. Pelikan, Inc.*, 784 F. Supp. 452 (M.D. Tenn. 1992) (typewriter ribbon cassettes); *Independent Prods. Co. v. Tamar Plastics Corp.*, 16 U.S.P.Q.2d 1806 (D. Mass. 1990), *aff'd*, 19 U.S.P.Q.2d 1314 (Fed. Cir. 1991) (plastic hanger); *Liqui-Box Corp. v. Reid Valve Co., Inc.*, 16 U.S.P.Q.2d 1848 (W.D. Pa. 1990) (rectangular bottle); *Nunes v. Bishop Aviation, Inc.*, 703 F. Supp. 774 (W.D. Ark. 1988) (aviation instruments); *Larson v. Classic Corp.*, 683 F. Supp. 1202 (N.D. Ill. 1988) (water bed mattress).

59. *In re Garbo*, 287 F.2d 192, 193 (C.C.P.A. 1961).

60. See Saidman & Hintz, *supra* note 38, at 357 (arguing that “[t]he doctrine of functionality serves a primary purpose of distinguishing the two types of patents available for articles of manufacture—utility and design patents”).

61. 328 F.2d 1020 (C.C.P.A. 1964).

62. Saidman & Hintz, *supra* note 38, at 355.

63. *Carletti*, 328 F.2d at 1022 (emphasis added).

64. 287 F.2d 192 (C.C.P.A. 1961).

considerations.”⁶⁵ Accordingly, under this solely functional standard, “a design patent is not invalid if the functional aspect [of the article] could be accomplished in ways other than by the patented design.”⁶⁶

However, the Federal Circuit adopted the position that “if a patented design is ‘*primarily* functional,’ rather than *primarily* ornamental, the patent is invalid.”⁶⁷ In doing so, the court apparently chose to move away from the solely functional standard of *Carletti* and *Garbo* to move towards a new, primarily functional standard.

The Federal Circuit’s use of the primarily functional standard, however, has “evolved without explanation of the distinction between it and its predecessor—the solely functional standard . . . [and] the Federal Circuit seems unable to remain consistent with its own interpretations of the scope and application of the doctrine.”⁶⁸ In addition, the Federal Circuit’s primarily functional statement in *Avia* was derived from the Federal Circuit’s prior statements in *Power Controls Corp. v. Hybrinetics, Inc.*⁶⁹ and *Lee v. Dayton-Hudson Corp.*,⁷⁰ which supported the primarily functional language by quoting liberally from cases espousing the solely functional standard.⁷¹

To make matters worse, both *Carletti* and *Garbo*, which espouse the solely functional standard, are binding precedent for the Federal Circuit.⁷² This strongly suggests that the Federal Circuit should be applying the solely functional standard and not the primarily functional standard. In addition, the Federal Circuit has endorsed the primarily functional standard without providing an explanation as to why the new standard was adopted.⁷³ Therefore, it seems as though the Federal Circuit has carelessly adopted the primarily functional standard by employing that language with no further explanation.⁷⁴

As a result, a solely/primarily dichotomy has arisen which has caused, and continues to cause, anomalous results.⁷⁵ For example, under the primarily functional approach, an “element-by-element” analysis must be undertaken to determine whether the majority of the design elements are functional or

65. *Id.* at 194 (emphasis added).

66. *Motorola, Inc. v. Alexander Mfg. Co.*, 786 F. Supp. 808, 812 (N.D. Iowa 1991) (citing *Avia Group Int’l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1563 (Fed. Cir. 1988)).

67. *Avia Group Int’l*, 853 F.2d at 1563 (emphasis added).

68. *Saidman & Hintz*, *supra* note 38, at 354. *See also id.* at 354-55 nn.18-22; *Best Lock Corp. v. Ilco Unicam Corp.*, 94 F.3d 1563, 1566 (Fed. Cir. 1996) (majority espousing the solely functional test). *Id.* at 1567, 1569 (Newman, J., dissenting) (dissent espousing the primarily functional test).

69. 806 F.2d 234 (Fed. Cir. 1986).

70. 838 F.2d 1186 (Fed. Cir. 1988).

71. *Saidman & Hintz*, *supra* note 38, at 353-54.

72. *Id.* at 355. Moreover, the Supreme Court has seemed to adopt the solely functional test. *Bonita Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989).

73. *Saidman & Hintz*, *supra* note 38, at 358.

74. *Id.*

75. *Id.* at 354.

ornamental.⁷⁶ However, under the solely functional approach, a court needs only to determine “if the functional aspect [of the article] could be accomplished in ways other than by the patented design.”⁷⁷ If the functional aspect could be accomplished in a number of different ways, then the design cannot be “dictated solely by functional considerations,”⁷⁸ and should not be invalidated under the doctrine of functionality. Thus, anomalous results occur because “it will be easier for an alleged infringer to satisfy his burden of proving invalidity under a primarily functional standard.”⁷⁹

Furthermore, if courts continue to apply the primarily functional standard, then the presumption of validity for design patents will continue to weaken because more design patents will be held invalid. Indeed, as the following sections will illustrate, most courts are applying the primarily functional standard without acknowledging the existence of a solely functional requirement, thereby weakening the presumption of validity as a result. Instead, courts should be applying the solely functional standard because that standard better serves the legislative intent behind the design patent statute.

2. *The Doctrine of Functionality Should Be Stated in Terms of a Solely Functional Standard in Order to Further the Legislative Intent Behind the Design Patent Statute and to Strengthen the Presumption of Validity.*—Binding precedent dictates that the doctrine of functionality should be couched in terms of a solely functional standard, not in terms of a primarily functional standard.⁸⁰ As mentioned above, both *Carletti* and *Garbo*, which espouse the solely functional standard, are binding precedent for the Federal Circuit.⁸¹ However, the Federal Circuit has moved away from the solely functional standard of *Carletti* by endorsing the primarily functional standard in *Avia* without explaining why the change was made.⁸² Therefore, because the Federal Circuit has not explained why the new standard was adopted, the solely functional standard should remain in force until the Federal Circuit expressly revokes or replaces it.

In addition, by following the solely functional standard instead of the primarily functional standard, the legislative intent behind the design patent statute would be better served. The Congressional purpose in enacting the design patent statute was “to promote the decorative arts and to stimulate the exercise of inventive faculty in improving the appearance of articles of manufacture.”⁸³ “The principal reason that the system of design patents exists is to promote commerce (i.e., increase sales) in items of manufacture by giving designers of such items an

76. *Id.*

77. *Motorola, Inc. v. Alexander Mfg. Co.*, 786 F. Supp. 808, 812 (N.D. Iowa 1991).

78. *In re Garbo*, 287 F.2d 192, 194 (C.C.P.A. 1961).

79. *Saidman & Hintz*, *supra* note 38, at 354.

80. *See supra* note 62-74 and accompanying text.

81. *Id.* *See supra* note 11 for a description of the C.C.P.A. and the creation of its successor, the Federal Circuit, in 1982.

82. *See supra* notes 67-71 and accompanying text.

83. *Hueter v. Compco Corp.*, 179 F.2d 416, 417 (7th Cir. 1950) (citations omitted).

incentive to make them more aesthetically appealing to consumers.”⁸⁴ As the Supreme Court stated in *Gorham Co. v. White*,⁸⁵ “The law manifestly contemplates that giving certain new and original appearances to a manufactured article may enhance its salable value, may enlarge demand for it, and may be a meritorious service to the public.”⁸⁶

The solely functional standard promotes this purpose better than the primarily functional standard because it allows inventors of articles which are mostly functional to nevertheless be rewarded for spending time and money enhancing the ornamental design of the product. For example, designers of electronic circuit boards are primarily concerned with the functional requirements of the circuit boards which they design: the circuit boards must fit into particular slots and must perform specific hardware functions. However, the designers should not be denied design protection just because the potential design is dictated almost entirely by the function. Instead, if a circuit board designer develops a new and original design for a circuit board that provides a more appealing appearance (e.g., that satisfies the matter of concern test, which will be described below), and meets the other requirements for patentability,⁸⁷ the design should be worthy of a design patent even though the features of the design are dictated substantially by function. The USPTO has recognized the design patentability of such electronic circuit boards,⁸⁸ even though the judiciary has not yet had the opportunity to evaluate the validity of such a patent.

The primarily functional standard, on the other hand, detracts from the legislative intent because it allows courts to reach almost any conclusion which they desire. In the electronic circuit board example above, it would not be surprising for a court to invalidate the design patent under the primarily functional standard because the design is dictated substantially by the shape and size of the slot and the functional hardware specifications of the circuit board. Thus, it appears as though courts can manipulate the primarily functional standard to reach any desired conclusion because the word, primarily, is very flexible. It may be interpreted in any number of different ways given the circumstances and most

84. *Smith v. M & B Sales & Mfg.*, No. C 89 0293 MHP (WDB), 1990 WL 1112, at * 2 (N.D. Cal. Jan. 31, 1990) (citing *In re Koehring*, 37 F.2d 421, 422 (C.C.P.A. 1930)). See also *In re Krueger*, 208 F.2d 482, 483 (C.C.P.A. 1953) (“One purpose Congress had in mind in the enactment of the statute authorizing the grant of a patent on any new, original and ornamental design for an article of manufacture was to enhance the salability of such articles in competitive markets through an aesthetic appeal to the purchasing public.”); *Forestek Plating & Mfg. Co. v. Knapp-Monarch Co.*, 106 F.2d 554, 559 (6th Cir. 1939) (stating that Congress intended the enactment of the design patent laws to “encourage ornamentation and beautification in manufactured articles so as to increase their salability and satisfy the aesthetic sense of the purchasers”).

85. 81 U.S. 511 (1871).

86. *Id.* at 525.

87. See *supra* note 34.

88. U.S. Design Patent No. 293,099, Michael H. Fitzpatrick, *Face Plate for an Electronic Circuit Board* (issued Dec. 8, 1987).

articles of manufacture have functional roles.⁸⁹ Therefore, the doctrine of functionality should be stated in terms of a solely functional standard in order to promote the legislative intent, to reduce confusion, and to strengthen the presumption of validity for design patents.

3. *Several Cases Have Held Presumptively Valid Design Patents Invalid by Applying the Primarily Functional Standard, but if the Solely Functional Standard Had Been Applied More Design Patents Would Have Been Held Valid.*—Although binding precedent dictates that a solely functional standard should be applied,⁹⁰ courts have nevertheless applied the primarily functional standard in a number of cases.⁹¹ Furthermore, in several of these cases, the design patents would have probably been held valid if the solely functional standard had been applied, which would strengthen the presumption of validity.⁹²

In *Trimble Products, Inc. v. W. T. Grant Co.*,⁹³ the Second Circuit affirmed the district court's finding that a design patent for a child's playpen was invalid for reasons of functionality and its failure to meet the test of nonobviousness.⁹⁴ The design patent involved "a simple rectangular" playpen,⁹⁵ where "[t]he predominant design feature [was] created by the crossed legs which form[ed] a small 'V' on top and a larger inverted 'V' on the bottom on two sides of the crib."⁹⁶ Although the court was probably correct in holding the design patent invalid because the design was obvious in light of the prior art,⁹⁷ the court would have probably reached an opposite conclusion in regards to functionality if it would had applied the solely functional standard of *Carletti*. Under the solely functional standard, a design is nonfunctional only if "the functional aspect [of the article] could be accomplished in ways other than by the patented design."⁹⁸

89. See *supra* note 55 and accompanying text.

90. See *supra* note 72 and accompanying text.

91. See, e.g., *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993) ("When there are several ways to achieve the function of an article of manufacture, the design of the article is more likely to serve a primarily ornamental purpose"); *Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1563 (Fed. Cir. 1988) (stating that "if a patented design is 'primarily functional,' rather than primarily ornamental, the patent is invalid").

92. See *infra* text accompanying notes 107-19.

93. 283 F. Supp. 707 (S.D.N.Y. 1968), *aff'd*, 404 F.2d 344 (2d Cir. 1968).

94. *Id.* at 716.

95. *Id.*

96. *Id.* at 714.

97. *Id.* at 716. The court was probably correct in holding this design patent invalid under 35 U.S.C. § 103 for obviousness. Based on the facts of this case, this invention would have been obvious "at the time the invention was made to one skilled in the art to which the subject matter pertains." See *supra* note 30. It is worth noting that "prior art" is a term of art which has been defined as "any material and pertinent information known to the applicant prior to the discovery of the invention." *HILDRETH*, *supra* note 11, at 159. Thus, "prior art" references can include issued patents (foreign or U.S.), sales brochures, magazine advertisements, etc. . . ., which were published before the claimed invention was made.

98. *Motorola, Inc. v. Alexander Mfg. Co.*, 786 F. Supp. 808, 812 (N.D. Iowa 1991) (quoting

Under this approach, the *Trimble* court would have been compelled to find the playpen design nonfunctional because the court in fact noted that there were different ways that the playpen could have been designed.⁹⁹

In *G.B. Lewis Co. v. Gould Products, Inc.*,¹⁰⁰ affirmed by the Second Circuit, the district court found that a design patent for a plastic storage box was invalid because “[i]ts pure functionality deprives it of patentability.”¹⁰¹ However, like the court in *Trimble*, this court also noted that the functional aspect of the article could be accomplished in ways other than by the patented design. The court stated that “[w]hile the prior art of other inventors cited in the Patent Office and on the present motion does not precisely anticipate the design of Schanz, the Schanz design does not embody any unobvious ornamental advance over prior art structures.”¹⁰² Therefore, although this patent was probably invalid for reasons of obviousness under § 103, the design patent should not have been held invalid due to functionality because there were other design possibilities to accomplish the same functional aspect of the storage box.

In *Dale Electronics, Inc. v. R.C.L. Electronics, Inc.*,¹⁰³ the court determined that a design patent for a resistor housing was invalid because “[i]t was not only the prior art, but the dictates of the manufacturing process that made the design obvious. ‘If the design of the patent is dictated primarily by functional needs the patent is invalid.’”¹⁰⁴ Here, the court is incorrectly combining the functional and nonobvious analyses.¹⁰⁵ Although the court is probably correct in determining that the design for this particular resistor housing was obvious in light of the prior art of record, the court should not have stated that the resistor housing design was dictated by functional considerations. Indeed, the court pointed out that the design was “different to a degree from the other prior art housings,”¹⁰⁶ which indicates that other designs were possible. Like the cases above, this should have required the court to conclude that the design was not functional under the solely functional approach.

In *Eldon Industries, Inc. v. Vanier Manufacturing, Inc.*,¹⁰⁷ the Federal Circuit pointed out that the district court had held a design patent for a soldering iron tip to be valid because “it found that the soldering iron tip was not ‘primarily

Avia Group Int’l, Inc. v. L.A. Gear Cal. Inc., 853 F.2d 1557, 1563 (Fed. Cir. 1988)).

99. *Trimble*, 283 F. Supp. at 715.

100. 297 F. Supp. 690 (E.D.N.Y. 1968), *aff’d*, 436 F.2d 1176 (2d Cir. 1971).

101. *Id.* at 695.

102. *Id.*

103. 356 F. Supp. 1117 (D.N.H. 1973), *aff’d in part, rev’d in part*, 488 F.2d 382 (1st Cir. 1973).

104. *Id.* at 1132 (citations omitted).

105. See also *Pioneer Photo Albums, Inc. v. Holson Co.*, 654 F. Supp. 87, 88-89 (C.D. Cal. 1987) (noting that “the Holson design combines functional elements in a way which, although obvious, had not been done before. Nonetheless, the elements of the design are wholly functional and, therefore, not entitled to patent protection.”).

106. *Dale*, 356 F. Supp. at 1132.

107. No. 90-1117, 1990 WL 172655 (Fed. Cir. Nov. 8, 1990).

functional' because other configurations could have been used in place of the flat surface, semi-circular rear stock, and collar design of the claimed tip."¹⁰⁸ This analysis appears to be perfect (except, of course, "primarily" should read "solely") because the district court properly realized that alternative design possibilities necessarily compel a finding of nonfunctionality.¹⁰⁹ However, the Federal Circuit reversed the district court by stating that although "other configurations for the tip design were possible, we think it is clear that this design had solely functional significance."¹¹⁰ By the standards developed in this Note, this statement is clearly erroneous. The fact that other designs were possible directly demonstrates that a particular design is not dictated solely by function.¹¹¹ Therefore, the Federal Circuit should have affirmed the district court's decision and applauded its analysis, instead of compounding the confusion under the doctrine of functionality and weakening the presumption of validity for design patents.

In *Best Lock Corp. v. Ilco Unican Corp.*,¹¹² the district court held a design patent for a key blade blank invalid because "[t]he function of the key is to open the lock,"¹¹³ and "[t]he shape of the key end is dictated by the need to make the lock pick proof and by the need to provide methods of key control."¹¹⁴ The court then stated that "customers do not buy keys and locks based on whether they like the looks of the end of the key."¹¹⁵ By doing this, the district court confused the doctrine of functionality with the matter of concern doctrine (which will be discussed below). If, however, the court would have applied the solely functional standard which it correctly set forth,¹¹⁶ the court would have been compelled to find the design patent valid (assuming the matter of concern test was also met) because there are obviously an infinite number of ways that keys can be designed.¹¹⁷

108. *Id.* at *1.

109. *Id.*

110. *Id.*

111. *See supra* note 78 and accompanying text.

112. 896 F. Supp. 836 (S.D. Ind. 1995), *aff'd* 94 F.3d 1563 (Fed. Cir. 1996).

113. *Id.* at 843.

114. *Id.*

115. *Id.*

116. *Id.* The court correctly stated that a design "is deemed to be functional when the appearance of the claimed design is 'dictated by' the use or purpose of the article," even though the court did not use the solely functional language (quoting *LA. Gear v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993)).

117. Although the majority opinion espoused a solely functional standard by stating that "[a] design is not dictated solely by its function when alternative designs . . . are available," the majority was apparently confused between the business of OEM (Original Equipment Manufacturers), key manufacturers, and replacement key manufacturers. *Best Lock*, 94 F.3d at 1566. The majority stated that because "no other shaped key blade would fit into the corresponding keyway, . . . the claimed key blade design was dictated solely by the key blade's function." *Id.* This may be true for the replacement key manufacturer that is trying to make its key fit into an OEM's keyway because the only way for the replacement key to work with the OEM's keyway is for the

Although the cases above (*Trimble*, *G.B. Lewis*, *Dale Electronics*, *Eldon Industries*, and *Best Lock*) demonstrate that design patents on functional articles are frequently held invalid, many design patents on useful and functional products have been held valid.¹¹⁸ In the cases which held the design patents valid, the courts did not misapply the doctrine of functionality in a way which rendered the design patents invalid. Instead, the courts reached the proper results which could have been reached by the courts discussed immediately above if the solely functional standard had been applied.

Certainly, application of the solely functional standard would not have validated all of the design patents above because many of the patents were invalid due to obviousness.¹¹⁹ However, the solely functional standard would have helped to validate some of the patents, such as those in *Eldon* and *Best Lock*, because functionality was the only reason for invalidity in these cases. Therefore, unanimous adoption of the solely functional standard would strengthen the presumption of validity for design patents because fewer design patents would be invalidated under this standard.

B. The Matter of Concern Doctrine

As stated above, design patents only protect ornamental designs for articles of manufacture.¹²⁰ Also repeated throughout this Note¹²¹ is the fact that a design must satisfy (1) the doctrine of functionality and (2) the matter of concern doctrine in order to satisfy the ornamental requirement of § 171.¹²² This section will focus

replacement key manufacturer to copy the OEM's design. However, an OEM key designer is not limited to a specific design because the keyway can subsequently be configured to mate with any key that is ornamentally designed. Thus, as Judge Newman rightfully pointed out, because "there are myriad possible designs of key profiles . . . the fact that the key blade is the mate of a keyway does not convert the arbitrary key profile into a primarily functional design." *Id.* at 1569 (Newman, J., dissenting).

118. See *supra* note 58 for a list of valid design patents on useful and functional articles.

119. See *supra* notes 97, 105 and accompanying text.

120. 35 U.S.C. § 171 (1994).

121. This has been repeated throughout this Note because courts continue to intermingle the functionality and matter of concern requirements. See, e.g., *Best Lock*, 896 F. Supp. at 843 (stating within the same paragraph that "[t]he shape of [a] key end is dictated by the need to make the lock pick proof . . . [and] customers do not buy keys and locks based on whether they like the looks of the end of the key"); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993) (noting that "the primacy of appearance in the design of shoes can not be ignored when analyzing functionality").

122. See *supra* notes 37, 41, and accompanying text. See also *Bonita Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989) ("To qualify for protection, a design must present an aesthetically pleasing appearance that is not dictated by function alone, and must satisfy the other criteria of patentability."); *Evans*, *supra* note 8, at 102 ("Webb does not address the functionality issue. The subject matter of a design patent must still be ornamental. If the subject matter can be shown to be solely functional, the patent is invalid.").

solely on the matter of concern doctrine.

1. *Historical Development of the Matter of Concern Doctrine.*—Unlike the solely functional requirement which is the converse of “ornamentality,”¹²³ the matter of concern doctrine attempts to define when an article of manufacture is ornamental in appearance.¹²⁴ In *Gorham Co. v. White*,¹²⁵ the first design patent decision rendered by the Supreme Court, the Court defined ornamental as “that which gives a peculiar or distinctive appearance to the manufacture, or article to which it may be applied, or to which gives it form.”¹²⁶ Thus, a design patent pertains only to the “visual appearance” of the invention.¹²⁷ A design “consists of the visual characteristics or aspects displayed by the object. It is the appearance presented by the object which creates a visual impact upon the mind of the observer.”¹²⁸

Initially, some courts required a certain level of artistic appeal in order to meet the ornamental standard espoused by *Gorham*.¹²⁹ However, in the case, *In re Koehring*,¹³⁰ the Court of Customs and Patent Appeals rejected that approach by stating that “the beauty and ornamentation requisite in design patents is not confined to such as may be found in the ‘aesthetic or fine arts.’”¹³¹ Courts now recognize that “design patents are concerned with the industrial arts, not the fine arts.”¹³² Furthermore, modern courts also recognize that although the ornamentation requirement necessarily involves the visual appearance of the article, the true determinant of ornamentation is whether “at some point in the life of the article an occasion (or occasions) arises when the appearance of the article becomes a ‘matter of concern.’”¹³³

In the past, some courts denied design patent protection for certain types of articles because the courts believed the articles were incapable of possessing the

123. Saidman & Hintz, *supra* note 38, at 352 n.3.

124. See *In re Koehring*, 37 F.2d 421, 423 (C.C.P.A. 1930) (stating the matter of concern test as follows: “Is the ornamentation [of the article] a matter of concern to anybody, reasonably within the purview of the act?”).

125. 81 U.S. 511 (1871) (involving a design patent for a silverware handle which was alleged to be infringed).

126. *Id.* at 525.

127. *In re Harvey*, 12 F.3d 1061, 1064 (Fed. Cir. 1993) (relating to a design patent for a vase).

128. U.S. PATENT & TRADE OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 1502 (Rev. 4, 1986).

129. See, e.g., *Blisscraft of Hollywood v. United Plastics Co.*, 294 F.2d 694, 696 (2d Cir. 1961).

130. 37 F.2d 421 (C.C.P.A. 1930).

131. *Id.* at 422. See *supra* note 11 for a description of the C.C.P.A. and the creation of its successor, the Federal Circuit.

132. *Contico Int’l, Inc. v. Rubbermaid Commercial Prods., Inc.*, 665 F.2d 820, 825 (5th Cir. 1981).

133. *In re Webb*, 916 F.2d 1553, 1557 (Fed. Cir. 1990) (relating to a design for a hip stem prosthesis).

requisite ornamentality because their appearance could never be of consequence to anyone.¹³⁴ As a result, courts began denying patent protection for those articles which were hidden during their normal and intended use because the design of hidden articles could not be a matter of concern to anyone.¹³⁵ In addition, in *Norco Products, Inc. v. Mecca Development, Inc.*,¹³⁶ the court invalidated a design patent for an automobile filter under the "hidden in use" doctrine because the "[i]tems are not designed for sale, display, replacement or repair."¹³⁷

However, the hidden in use test was tacitly overruled by *In re Webb*.¹³⁸ In fact, one author devoted an entire article to describing the evolution and rejection of "hidden in use" test after the decision in *Webb*.¹³⁹ In *Webb*, a design patent for a hip prosthesis was held *valid* because "features of the device were displayed in advertisements and in displays at trade shows" thereby causing the design to be a matter of concern.¹⁴⁰ As the court pointed out,

the applicant may be able to prove to the PTO that the article's design is a 'matter of concern' because of the nature of its visibility at some point between its manufacture and its ultimate use. Many commercial items, such as colorful and representational vitamin tablets, or caskets, have designs clearly intended to be noticed during the process of sale and equally clearly intended to be completely hidden from view in the final use.¹⁴¹

Under *Webb*, the matter of concern inquiry is now defined to begin "after completion of manufacture or assembly and ending with the ultimate destruction,

134. See, e.g., *Williams Calk Co. v. Kemmerer*, 145 F. 928, 929 (3d Cir. 1906) ("It is impossible to suppose that [a horseshoe calk] should be bought or used because of its aesthetic features"); *Bradley v. Eccles*, 126 F. 945, 949 (2d Cir. 1903) (holding a design patent for a washer invalid because "[t]here is not a scintilla of evidence that the sale of a single washer was ever induced by reason of any attractiveness in its appearance"); *Rowe v. Blodgett & Clapp Co.*, 112 F. 61, 62-63 (2d Cir. 1901) (holding that a design patent for a horseshoe calk, a piece of iron or steel "adapted to be applied to the shoe of a horse for use in snow, ice, and mud," was invalid because there is nothing attractive about the appearance of the calk, and the calk does not "appeal in any way to the eye"); *C & M Fiberglass Septic Tanks, Inc. v. T & N Fiberglass Mfg. Co.*, 214 U.S.P.Q. 159, 160 (D.S.C. 1981) (holding a design patent for a septic tank invalid as a matter of law because a septic tank is "incapable of possessing the requisite 'ornamentality' of design because their appearance or beauty can never be of consequence to anyone").

135. See *In re Stevens*, 173 F.2d 1015 (C.C.P.A. 1949) (holding a design patent for a vacuum cleaner brush invalid because a vacuum cleaner brush "is nearly always concealed in normal and intended use"). See also McAllister, *supra* note 11, at 425-49 (describing the "evolution and rejection of the 'hidden in use' test").

136. 617 F. Supp. 1079 (D. Conn. 1985).

137. *Id.* at 1082.

138. 916 F.2d 1553 (Fed. Cir. 1990).

139. McAllister, *supra* note 11, at 451.

140. *Webb*, 916 F.2d at 1558.

141. *Id.*

loss or disappearance of the article,”¹⁴² which includes the time period when the article is displayed for sale.

This standard is consistent with the Supreme Court’s statements in *Gorham Co. v. White*,¹⁴³ which emphasized the commercial objectives of the design patent statute by stating that “[t]he law manifestly contemplates that giving certain new and original appearances to a manufactured article may enhance its salable value, may enlarge demand for it, and may be a meritorious service to the public.”¹⁴⁴ The decision in *Webb* encourages designers of manufactured goods to improve the appearance of the goods and to display and market them in a way that causes them to be a matter of concern to the purchaser. In addition, this standard appears to be taking hold since even the most mundane and ordinary articles are now proper subjects for design patent protection.¹⁴⁵

One problem under the current matter of concern standard is that future displays for sale do not necessarily protect a design patent from being invalidated. For example, if a new design is invented or discovered, but has not yet been displayed for sale, or has historically been of no concern to any consumer, a court could rule that the design is not a matter of concern because during the current life of the item no one other than the designer has seen the design.¹⁴⁶ Indeed, the fact that the hip prosthesis in *Webb* was displayed in advertisements and displays at trade shows indicates that a design must *currently* be a matter of concern to the purchaser during some point in the product’s useful life.¹⁴⁷

Therefore, the current standard is insufficient because it ignores the dynamics of modern marketing practices which are designed to influence what matters to customers. For example, there was a time when customers did not care about the appearances of athletic shoes, tire treads, or internal computer components. However, commercials depicting Michael Jordan wearing Nike shoes, babies riding on Michelin tires, and Intel computer components making computers come to life have created consumer preferences that were previously nonexistent. In each of these instances, if a design was invented or discovered before the marketing of the item took place (which is usually the case) and a court held the design patent invalid before the inventor was given a chance to market the item, then the designer would lose the fourteen-year¹⁴⁸ market advantage that the design patent was intended to protect. Therefore, the legal standard for the matter of

142. *Id.*

143. 81 U.S. 511 (1871).

144. *Id.* at 525.

145. See cases cited *supra* note 58.

146. See *Best Lock Corp. v. Ilco Unican Corp.*, 896 F. Supp. 836, 843 (S.D. Ind. 1995) (holding that a design for a key was not a matter of concern because “witnesses from the lock and key industry testified that customers do not buy keys and locks based on whether they like the looks of the end of the key”). The court did not discuss the possibility of key designs being marketed in the future in a way that creates a customer preference for certain types of key designs.

147. *Webb*, 916 F.2d at 1558.

148. See 35 U.S.C. § 173 (1994) (Design patents “shall be granted for the term of fourteen years from the date of grant.”).

concern doctrine needs to reflect the fact that consumer preferences are capable of changing in the future.

2. *The Matter of Concern Doctrine Should Be Stated as Follows: If It Is Conceivable That the Design in Question Is or Could Potentially Become a Matter of Concern to Any Customer During the Life of the Design Patent, the Design Should not Be Invalid Under the Matter of Concern Doctrine.*—One way in which the matter of concern doctrine could reflect the dynamics of changing markets is to broaden the definition of the doctrine to include designs that could conceivably become a matter of concern during the life of the patent. Under this approach, courts would be forced to recognize that even though a newly designed article might not matter to anyone at the present time (because the article, due to its newness, has not been displayed for sale or marketed for general consumption), it might be possible for the design to become a matter of concern under marketing strategies that are prevalent in today's marketplace.

Certainly, this modification of the matter of concern doctrine would significantly limit the number of cases in which courts could determine that a product's design was of no concern to any purchaser. Indeed, it is difficult to imagine an item which is so mundane that it would be impossible to conceive of a marketing technique to create consumer preferences.¹⁴⁹ However, the purpose of the design patent is to encourage designers to make their products more salable.¹⁵⁰ Therefore, if it is at all possible to conceive of a way in which marketing strategies could be used to make an item more appealing to any potential consumer due to the item's design, then the design should be considered a matter of concern. Accordingly, the matter of concern doctrine should be stated as follows: If it is conceivable that the design in question is or could potentially become a matter of concern to any customer during the life of the design patent, then the design should not be invalid under the matter of concern doctrine.

3. *Several Cases Have Held Presumptively Valid Design Patents Invalid Under the Matter of Concern Doctrine, but if the Standard Described Above Were Applied the Presumption of Validity Would Be Strengthened.*—As mentioned above, the current legal standard under the matter of concern doctrine is for a court to inquire whether "at some point in the life of the article an occasion (or occasions) arises when the appearance of the article becomes a 'matter of concern.'"¹⁵¹ However, courts applying this standard are occasionally reaching conclusions contrary to the purpose behind the design patent statute because these decisions fail to recognize that modern marketing practices could cause an item to become a matter of concern in the future.¹⁵² If, on the other hand, these cases would have applied a standard requiring any conceivable design which could

149. See cases cited *supra* note 58.

150. See *supra* note 84 and accompanying text.

151. *In re Webb*, 916 F.2d 1553, 1557 (Fed. Cir. 1990) (relating to a design for a hip stem prosthesis).

152. See *supra* note 134 (suggesting that one purpose behind the design patent statute is to enhance the salable value of an article of manufacture). This purpose is frustrated if future sales of an item are limited due to inadequate design patent protection.

potentially become a matter of concern to be valid, then the presumption of validity for design patents could be strengthened and the purpose behind the design patent statute could be followed more faithfully.

In *C & M Fiberglass Septic Tanks, Inc. v. T & N Fiberglass Mfg. Co.*,¹⁵³ the court granted a motion for summary judgment to an alleged infringer because the court concluded that the appearance of septic tanks “can never be of consequence to anyone.”¹⁵⁴ However, it seems possible to conceive of a tradeshow display or an advertisement that could potentially create a customer preference for certain septic tanks, thereby allowing the design of a certain septic tank to become a matter of concern. Although the end user, the homeowner, would probably never see the septic tank and would probably consider the design to be of no concern, the actual buyer of the tank from the original manufacturer (e.g., the construction contractor) could certainly be persuaded to buy a given septic tank based on its appearance. If, for example, cost, availability, and function were equal between two septic tank manufacturers, a contractor might potentially make his/her buying decision based on which septic tank had a more appealing appearance. Therefore, under the matter of concern standard suggested above, the presumption of validity could have been strengthened in *C & M Fiberglass* because under that standard, the court would have probably found the design of the septic tank to have the potential of becoming a matter of concern since it is conceivable that the appearance of the septic tank might matter to some purchaser at some point during the fourteen-year life of the design patent.

In *Design, Inc. v. Emerson Co.*,¹⁵⁵ the court held a design patent for an insulated beverage container invalid because the court considered the design not to be a “thing of beauty.”¹⁵⁶ However, this artistic critique appears to be irrelevant because design patents are “concerned with the industrial arts, not the fine arts.”¹⁵⁷ Moreover, it does not seem unreasonable to suggest that even the most mundane beverage insulator could be a matter of concern, especially knowing that design patents have been held valid on a drill bit shank, a paint roller, and a typewriter ribbon cassette.¹⁵⁸ Thus, if the court had applied the “conceivably possible” matter of concern test mentioned above, the court would have probably found that the

153. 214 U.S.P.Q. 159 (D.S.C. 1981).

154. *Id.* at 160.

155. 319 F. Supp. 8 (S.D. Tex. 1970).

156. *Id.* at 10. The court actually provided an irrelevant artistic critique of the design: The primary feature which is most striking to the casual observer is its featurelessness. Although it is not an object which is displeasing to the eye, it is far from what could be considered a thing of beauty. There is nothing either artistic or aesthetic about it. One who sees it does not take delight in its creation. It is an item which is more likely to be stored in a kitchen closet rather than on display in one's living room. The design embodied in [this] patent is, therefore, not ornamental.

Id. at 10-11.

157. *Contico Int'l, Inc. v. Rubbermaid Commercial Prods., Inc.*, 665 F.2d 820, 825 (5th Cir. 1981); see *supra* text accompanying notes 130-33.

158. See *supra* note 58.

design patent met the ornamentality requirements of § 171. Like the septic tank above, it is possible to conceive of a realistic way to market insulated beverage containers to make them a matter of concern. If computer components can be marketed in a way that causes them to become a matter of concern, certainly an insulated beverage container could also be marketed in a way, perhaps even for its lack of ornamentality, that creates consumer demand for the product based on its appearance. This patent would have probably been upheld if the matter of concern standard suggested by this Note had been applied.

In *Best Lock Corp. v. Ilco Unican Corp.*,¹⁵⁹ the court held a design patent for a key invalid because “[s]everal witnesses from the lock and key industry testified that customers do not buy keys and locks based on whether they like the looks of the end of the key.”¹⁶⁰ However, it seems unreasonable to suggest that no purchaser of a key has ever been or will ever be influenced by the appearance of a key. Certainly, if a consumer were choosing between two keys of equal quality and equal price, the consumer would probably consider the keys’ appearances in making a purchasing decision. Therefore, under the standard suggested in this Note, the court should have been able to hold the design patent valid because the design could potentially be a matter of concern to some purchaser at some point in the life of the patent if certain marketing strategies were invoked.

Although the cases above illustrate that design patents are occasionally held invalid when courts determine that the design in question is not a current matter of concern to purchasers, a broader definition of the matter of concern doctrine would produce better results. Because the purpose of the design patent statute is to promote the salability of articles of manufacture,¹⁶¹ the matter of concern standard should be further developed to allow the life of the design patent¹⁶² to determine if the design has the *potential* for becoming a matter of concern at some point in the future. If it is conceivable that an item is or may become a matter of concern due to existing or potential marketing strategies, the design should be given the benefit of the doubt and remain valid.

Only when there is no way to imagine an article’s design ever becoming a matter of concern during the life of the design patent should a design patent be held invalid under the matter of concern doctrine. Such may have been the case in 1901 and 1906 when two different design patents for horseshoe calks were held invalid because the appearance of a horseshoe calk could not have conceivably mattered to any customer.¹⁶³ However, if these design patents were present today, it would not seem unreasonable to suggest that a horseshoe calk (which are pieces of iron or steel applied to the shoe of a horse for use in snow, ice, and mud) might be a matter of concern to some purchaser. Therefore, the modern standard for the

159. 896 F. Supp. 836 (S.D. Ind. 1995), *aff’d* 94 F.3d 1563 (Fed. Cir. 1996). The federal circuit court did not address the matter of concern issue.

160. *Id.* at 843.

161. See *supra* notes 84-86 and accompanying text.

162. 35 U.S.C. § 173 (1994) (design patent valid for term of 14 years from date patent was granted).

163. See *supra* note 134.

matter of concern doctrine should reflect the fact that marketing strategies are often used to create customer preferences for products which are normally considered mundane.

CONCLUSION

The presumption of validity for design patents, although beginning to strengthen, is still too easy to overcome. Supposedly, the presumption of validity for design patents “rests on the legislative recognition of the considerable expertise possessed by the Patent Office and an assumption that the Office properly performs its administrative functions.”¹⁶⁴ Thus, the role of the trial court is supposed to be somewhat limited.¹⁶⁵ However, courts have continued to demonstrate that this presumption is not very strong because courts continue to find ways to invalidate a large percentage of litigated design patents.

The continued weakness of the presumption appears to be partially due to the current legal standards under the functionality and the matter of concern doctrines. Courts continue to be confused about the solely/primarily dichotomy surrounding the functionality doctrine, and as a result, a high percentage of design patents are held invalid. Similarly, the narrow scope of the matter of concern doctrine yields a high percentage of design patent invalidity because courts do not necessarily consider marketing strategies which could cause an article to become a matter of concern in the future life of the patent.

The presumption of validity could easily be strengthened by making minor adjustments to the functionality and matter of concern doctrines. First, the presumption could be strengthened by narrowing the doctrine of functionality in a way which is already dictated by binding precedent: the doctrine of functionality should state that a design patent can only be invalidated if there are no other designs that are available to accomplish the same function (e.g., if the design is dictated solely by functional considerations). Second, the presumption of validity could be strengthened by slightly modifying the matter of concern doctrine: the matter of concern doctrine should be broadened such that if it is at all conceivable that a patented item could be marketed in such a way as to cause the design to become a matter of concern, then the design patent should not be invalidated under the matter of concern doctrine.

164. *Contico Int'l, Inc. v. Rubbermaid Commercial Prods., Inc.*, 665 F.2d 820, 822-23 (8th Cir. 1981).

165. *Id.* at 822.

RACIAL DIVERSITY AS A COMPELLING GOVERNMENTAL INTEREST

ROBERT J. DONAHUE*

"I have a dream today that my four children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character."

Martin Luther King, Jr.¹

INTRODUCTION

Is racial diversity a sufficient justification for affirmative action programs? More specifically, is the goal of diverse racial composition among college students, broadcast station license holders, government contractors, or similar groups a compelling governmental interest that would survive the strictest standard of scrutiny the U.S. Supreme Court can apply to racial preferences that have been challenged in court? Two simplistic possibilities present themselves: perhaps yes, and perhaps no.

As much of the law of affirmative action remains confused,² the Supreme Court has unfortunately provided little guidance for this issue, although it has of late adopted a skeptical stance toward affirmative action in general.³ In the absence of specific guidance, institutions nationwide largely make their own determinations regarding affirmative action policy. On July 20, 1995, the Board of Regents of the University of California voted 14-10 to end consideration of race in the admissions process throughout their nine-campus system.⁴ After the vote, as about 200 chanting protesters headed toward downtown San Francisco, California Governor Pete Wilson referred to the Regents' action as "the beginning of the end of racial preferences."⁵ Indeed, whether or not such a sweeping statement is at all accurate, the events in California⁶ do seem to herald a national

* J.D. Candidate, 1997, Indiana University School of Law—Indianapolis; B.A., 1994, Taylor University. The author thanks his wife, Heidi, for the patience, love, and support that made this Note possible.

1. Dr. Martin Luther King, Jr., *I Have a Dream*, Keynote Address of the March on Washington, D.C. for Civil Rights (Aug. 28, 1963) in 1 A TESTAMENT OF HOPE: THE ESSENTIAL WRITINGS OF MARTIN LUTHER KING, JR. 217 (James M. Washington ed., 1986).

2. See GEOFFREY R. STONE ET AL., CONSTITUTIONAL LAW 618 (2d ed. 1991); Patricia A. Celano, Comment, *A Cry for Help to the United States Supreme Court: What is the Constitutional Status of Affirmative Action in Higher Education?*, 3 SETON HALL CONST. L.J. 161 (1993).

3. See Kenneth Jost, *After Adarand*, A.B.A. J., Sept. 1995, at 70; see also Marcia Coyle, *Justices Revisit Explosive Issues of Race and Sex*, NAT'L L.J., Oct. 2, 1995, at A1.

4. See Michelle Locke, *California Regents Vote to End Affirmative Action*, INDIANAPOLIS STAR, July 21, 1995, at A1.

5. *Id.*

6. On November 5, 1996, the people of California, by adopting Proposition 209, amended the California Constitution. It now provides: "The state shall not discriminate against, or grant

trend, as the U.S. Supreme Court and the American public have shown increasing skepticism toward affirmative action.⁷ It is not surprising politically that Republican leaders recognized this as an issue whose time may well have come,⁸ as affirmative action became a sporadically invoked theme of the 1995-96 political season.⁹

With the divisive nature of affirmative action in mind,¹⁰ it is important to examine its possible constitutional justifications, or compelling governmental interests, such as racial diversity. This Note will apply a precedential analysis to the concept of racial diversity as a possible justification for affirmative action programs and attempt to predict how the Supreme Court will respond when faced with this issue in the future. The Court, with mixed results, has only faced the issue of racial diversity as a justification twice—in the contexts of higher education and broadcast licensing, respectively. The first opinion, *Regents of the*

preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education or public contracting.” CAL. CONST. art. I, § 31(a). The language of the provision closely resembles the color-blind language of the Civil Rights Act of 1964, Pub. L. No. 88-352, 78 Stat. 241 (codified as amended in scattered sections of 28 U.S.C. and 42 U.S.C.). One commentator has stated that this was a necessary reaffirmance because “federal bureaucrats and judges disobeyed statutory law and redefined discrimination as the absence of proportional representation by race and gender.” Paul C. Roberts, *Voters May Get a Shot at Quotas*, ROCKY MTN. NEWS, Feb. 10, 1996, at 47A; see also *infra* note 49.

Recently, the Ninth Circuit upheld this new provision of the California Constitution. *Coalition for Econ. Equal. v. Wilson*, 110 F.3d 1431 (9th Cir. 1997). The court specifically found that those opposing the provision had “no likelihood of success on the merits of their equal protection . . . claims” *Id.* at 1448. In reaching its conclusion that even if race-preferential treatment is permissible under the Equal Protection Clause in some cases, it is not constitutionally required in those cases, the court relied heavily on *Adarand Constructors v. Peña*, 115 S. Ct. 2097 (1995). *Id.* at 1446. *Cf.* *Omnipoint Corp. v. FCC*, 78 F.3d 620, 633-34 (D.C. Cir. 1996) (In carrying out statutory command to ensure that minorities and women are given opportunity to participate in bidding process, FCC did not have to give preferences to those groups.).

7. “Janice Franke, an assistant professor of business law at Ohio State University . . . , says public support for [affirmative action] policies has eroded because of the backlash against government intervention in economic matters.” Jost, *supra* note 3, at 72.

8. See William Rusher, *Affirmative Action On a Precarious Perch? Dwindling Popularity*, WASH. TIMES, Jan. 13, 1995, at A17.

9. See Nancy E. Roman, “Colorblind” Policy Unites GOP Hopefuls, WASH. TIMES, Feb. 21, 1995, at A1. “In the past several weeks, one Republican after another has criticized affirmative action. . . .” *Id.* It is notably ironic that the battle against racial discrimination is now being fought by conservatives rather than the liberals who took up the cause in the 1960s.

10. See Thomas Ross, *Innocence and Affirmative Action*, 43 VAND. L. REV. 297 (1990). “In a world where the dominant public ideology is one of non-racism, where the charge of racism is about as explosive a rhetorical move as one can make, disagreement about affirmative action often divides us in an angry and tragic manner.” *Id.* at 297-98.

University of California v. Bakke,¹¹ left no clear consensus to follow, as only Justice Powell addressed the issue, stating that race is an element of genuine diversity that may serve a compelling interest in the context of higher education.¹² The second opinion, *Metro Broadcasting, Inc. v. FCC*,¹³ held that racial diversity was an important interest in the context of awarding broadcast licenses to applicants,¹⁴ but *Metro Broadcasting* was recently overruled by *Adarand Constructors, Inc. v. Pena*,¹⁵ which applied strict scrutiny to all governmental preferences based upon race. Recently, the Court denied certiorari to a case which would have given it the opportunity to decide whether racial diversity is a compelling interest.¹⁶ In *Hopwood v. Texas*, the Fifth Circuit held that racial diversity in the student body is not a compelling interest under the Fourteenth Amendment and therefore does not justify discrimination among applicants based upon race.¹⁷ Though *Hopwood* seemed poised to provide the Supreme Court with an historic opportunity to decide the fate of most affirmative action programs,¹⁸ the Court noted in its denial of certiorari that, although this is "an issue of great national importance," the 1992 admissions program at issue had long since been discontinued, and there was, therefore, no "final judgment on a program genuinely in controversy" to review.¹⁹

Part I of this Note briefly provides background information and outlines the strict scrutiny standard of review that now applies to all governmental classifications based on race, and which requires a compelling governmental interest in order for a racial classification to survive. Part II analyzes the precedential value of *Regents of the University of California v. Bakke* concerning racial diversity as a compelling governmental interest in the context of affirmative action. Part III examines Supreme Court opinions since *Bakke* which address compelling governmental interests in the affirmative action context. Part IV focuses on the current makeup of the Supreme Court and its recent hostility to affirmative action programs. Part V discusses *Hopwood* as a recent opportunity, declined by the Court, to decide this issue. Finally, Part VI concludes by predicting that the Court will hold that racial diversity is not a compelling

11. 438 U.S. 265 (1978).

12. *Id.* at 311-15 (opinion of Powell, J.); *see infra* Part II.C.

13. 497 U.S. 547 (1990), *overruled by* *Adarand Constructors Inc. v. Pena*, 115 S. Ct. 2097 (1995).

14. *Id.* at 567; *see infra* Part III.A-B.

15. 115 S. Ct. 2097 (1995). *See infra* Part IV.B.

16. *Hopwood v. Texas*, 78 F.3d 932 (5th Cir. 1996), *cert. denied*, 116 S. Ct. 2581 (1996).

17. *Id.* at 944; the district court held otherwise, finding racial diversity in higher education to be a compelling interest. *Hopwood v. Texas*, 861 F. Supp. 551, 570-71 (W.D. Tex. 1994), *rev'd*, 78 F.3d 932 (5th Cir. 1996).

18. Arleen Jacobius, *Affirmative Action on Way Out in California*, A.B.A. J., Sept. 1995, at 22, 22-23; *see generally* William M. Adler, *Evening the Score*, ROLLING STONE, Aug. 10, 1995, at 35; Jeffrey Rosen, *Law on Racial Preferences is Unraveling*, SACRAMENTO BEE, Nov. 6, 1994, at FO1.

19. *Hopwood*, 116 S. Ct. at 2581-82 (Ginsburg, J., joined by Souter, J.).

governmental interest, when the Court chooses to address this issue.

I. STRICT SCRUTINY

A. Background

In the context of equal protection methodology, government classifications of people who are not members of a "suspect" class are subject to a "low level" or "rational basis" review and are usually upheld.²⁰ Under this minimal standard of scrutiny, the Equal Protection Clause is satisfied as long as the classification is "rationally related to a legitimate state interest."²¹ Government classifications based upon race, however, have long been considered suspect classifications,²² subject to varying degrees of heightened review and are therefore frequently invalidated.²³

Richmond v. J.A. Croson Co.,²⁴ involved a challenge to Richmond, Virginia's reservation of 30% of its contracting work for minority-owned businesses. In that case, a majority of the Supreme Court agreed for the first time on the standard of review for affirmative action measures.²⁵ There, the Court adopted the standard of strict scrutiny for governmental classifications based on race;²⁶ based on this holding, whenever the government treats two classes of people differently based upon their respective races, a constitutional challenge to that policy would require the Court to subject the classification to a strict scrutiny review. However, this holding only applied to state and local governments; *Croson* gave the Court no occasion to declare the standard of review required for such action taken by the federal government.²⁷

Only one year later, the Court abruptly changed course with *Metro Broadcasting, Inc. v. FCC*,²⁸ an equal protection challenge of two FCC policies that favored minority applicants for broadcast licenses. The Court, in *Metro Broadcasting*, held that federal racial classifications are subject only to intermediate scrutiny.²⁹ To satisfy an intermediate scrutiny review, the race-

20. STONE ET AL., *supra* note 2, at 532-33.

21. *New Orleans v. Dukes*, 427 U.S. 297, 303 (1976).

22. *Korematsu v. United States*, 323 U.S. 214, 216 (1944); *see also* *San Antonio Indep. Sch. Dist. v. Rodriguez*, 411 U.S. 1, 105 (1973) (Marshall, J., dissenting) ("The highly suspect character of classifications based on race, nationality, or alienage is well established.") (footnotes omitted).

23. *See* STONE ET AL., *supra* note 2, at 532; Gerald Gunther, *The Supreme Court, 1971 Term—Foreword: In Search of Evolving Doctrine on a Changing Court: A Model for a Newer Equal Protection*, 86 HARV. L. REV. 1, 8 (1972).

24. 488 U.S. 469 (1989).

25. *See* STONE ET AL., *supra* note 2, at 674.

26. *Croson*, 488 U.S. at 493-94.

27. *Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097, 2110 (1995).

28. 497 U.S. 547 (1990).

29. *Id.* at 564-65. The Court does qualify this by stating that the racial classification at issue must be "benign," but it does not clearly explain when a given racial classification should be

conscious measures at issue must serve an important governmental objective and must be substantially related to the achievement of that objective.³⁰ These decisions left differing standards of review, with state and local governmental policies subjected to strict scrutiny, and federal governmental policies subjected merely to intermediate scrutiny.

Finally, in the summer of 1995, the Court decided *Adarand Constructors, Inc. v. Pena*,³¹ a challenge to a federal highway construction contract policy that awarded financial incentives to contractors for subcontracting to disadvantaged³² business enterprises. *Adarand* overruled *Metro Broadcasting*, held that strict scrutiny to be applied to federal government's racial classifications as well as state and local governments' race-based classifications.³³ At present, all governmental classifications based upon race must satisfy a strict scrutiny review in order to be valid.

B. The "Two-Prong" Test

Strict scrutiny is not an easy standard to satisfy³⁴—it is usually fatal to government classifications brought under its review.³⁵ The test, as enunciated by the Supreme Court, requires that two prongs be met. First, the classification at issue must be justified by a compelling governmental interest, and second, the means chosen to achieve that interest must be narrowly tailored.³⁶ The

deemed "benign." *Id.*; *Adarand*, 115 S. Ct. at 2112.

30. *Metro Broad.*, 497 U.S. at 564-65. Justice Rehnquist has duly criticized the subjectivity inherent in the vague language of the intermediate scrutiny test: "Both of the phrases used are so diaphanous and elastic as to invite subjective judicial preferences or prejudices relating to particular types of legislation, masquerading as judgments whether such legislation is directed at 'important' objectives or, whether the relationship to those objectives is 'substantial' enough." *Craig v. Boren*, 429 U.S. 190, 221 (1976) (Rehnquist, J., dissenting). This criticism is equally true for the strict scrutiny test. *See infra* Part I.B.

31. 115 S. Ct. 2097 (1995).

32. "The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individual found to be disadvantaged by the [Small Business] Administration pursuant to section 8(a) of the Small Business Act." 15 U.S.C. § 637(d)(2), (3)(C) (ii) (1994).

33. *Adarand*, 115 S. Ct. at 2113.

34. *See* Roy L. Brooks & Mary J. Newborn, *Critical Race Theory and Classical-Liberal Civil Rights Scholarship: A Distinction Without a Difference?*, 82 CAL. L. REV. 787, 813 (1994) ("Surviving strict scrutiny is like climbing Mount Kilimanjaro two times." *Id.*).

35. *Id.*; *Adarand*, 115 S. Ct. at 2120 n.1 (Stevens, J., dissenting) ("[Strict scrutiny] has usually been understood to spell the death of any governmental action to which a court may apply it."); *see also* Gunther, *supra* note 23; *but see* *Adarand*, 115 S. Ct. at 2117; Jost, *supra* note 3, at 71 ("'Strict scrutiny expresses a mood,' says Kenneth Karst, a professor of constitutional law at the University of California at Los Angeles. 'It doesn't decide a case.'").

36. *See Adarand*, 115 S. Ct. at 2117; *Richmond v. J.A. Croson Co.*, 488 U.S. 469, 485-86

requirement of a compelling interest serves as a useful mechanism for balancing the state's interest against the rights of the individual in equal protection cases,³⁷ and the requirement of narrow tailoring means that the government must use the least restrictive means available by which it may achieve its compelling interest.³⁸

The rationale for such exacting scrutiny lies in the idea that "any preference based on racial or ethnic criteria must necessarily receive a most searching examination to make sure that it does not conflict with constitutional guarantees."³⁹ Because "immutable characteristics, which bear no relation to individual merit or need, are irrelevant to almost every governmental decision,"⁴⁰ the Constitution seeks to protect any individual burdened by the government's use of immutable characteristics in its decision making. Such an individual is entitled to a judicial determination that the burden is justified by a compelling governmental interest and is precisely tailored⁴¹ or "narrowly tailored to the achievement of that goal."⁴²

Narrow tailoring notwithstanding, it is clear that without a compelling governmental interest, no affirmative action program can survive an equal protection challenge. To explore the possibility of racial diversity as a compelling governmental interest, it is necessary to delve into the tangled and confusing web of relevant Supreme Court opinions,⁴³ beginning seventeen years ago with what is probably the most famous affirmative action case yet decided, *Regents of the University of California v. Bakke*.⁴⁴

(1989). ROY L. BROOKS, *RETHINKING THE AMERICAN RACE PROBLEM* 25-33 (1990).

37.

[W]henver the government treats any person unequally because of his or her race, that person has suffered an injury that falls squarely within the language and spirit of the Constitution's guarantee of equal protection. . . . The application of strict scrutiny, in turn, determines whether a compelling governmental interest justifies the infliction of that injury.

Adarand, 115 S. Ct. at 2114. See Tania Saigon, *Restoring Obscurity: The Shortcomings of the Religious Freedom Restoration Act*, 28 COLUM. J.L. & SOC. PROBS. 653, 673 (1995). Free speech cases also employ this balancing test. See *McIntyre v. Ohio Elections Comm'n*, 514 U.S. 334, 347 (1995).

38. See Wendy Hernandez, *The Constitutionality of Racially Restrictive Organizations Within the University Setting*, 21 J.C. & U.L. 429, 447 (1994); see *Croson*, 488 U.S. at 507-08.

39. *Fullilove v. Klutznick*, 448 U.S. 448, 491 (1980).

40. *Id.* at 496 (Powell, J., concurring).

41. *Regents of the Univ. of Cal. v. Bakke*, 438 U.S. 265, 299 (1978).

42. *Fullilove*, 448 U.S. at 480.

43. See Thomas Ross, *The Richmond Narratives*, 68 TEX. L. REV. 381, 389 (1989) ("The constitutionality of affirmative action has been perhaps the most divisive and difficult question of contemporary constitutional jurisprudence.").

44. 438 U.S. 265 (1978).

II. BAKKE

A. *The Facts*

At the time of this case, the Medical School of the University of California—Davis had 100 available seats for the entering class, sixteen of which were reserved for special admissions. The special admissions applicants did not have to meet the regular admissions minimum grade point average of 2.5 on a scale of 4.0, nor did they have to compete with the regular admissions applicants. In order to qualify for the more lenient special admissions standards, an applicant had to be a member of a designated minority group.⁴⁵

Allan Bakke, a white male, applied to the medical school in 1973 and 1974 and was rejected both times. Because Bakke could not qualify for special admissions consideration, other applicants in both years with grade point averages and MCAT scores “significantly lower” than Bakke’s were admitted under the special admissions program.⁴⁶ After his second rejection, Bakke sued the medical school, alleging that its special admissions program excluded him from the school on the basis of his race in violation of his rights under the California Constitution,⁴⁷ the Equal Protection Clause⁴⁸ and section 601 of Title VI of the Civil Rights Act of 1964.⁴⁹ In its defense, the medical school claimed, *inter alia*, that its goal of racial diversity in each class of entering medical students justified

45. *Id.* at 274. The medical school defined the members of a “minority group” as “Blacks,” “Chicanos,” “Asians,” and “American Indians.” It is interesting to note that Asians, although still numerically a minority group, are not now so readily included in or benefited by affirmative action programs and have actually challenged aspects of such programs in court on reverse discrimination grounds. See Selena Dong, “*Too Many Asians*”: *The Challenge of Fighting Discrimination Against Asian-Americans and Preserving Affirmative Action*, 47 STAN. L. REV. 1027, 1027-29 (1995).

The qualification for the special admissions program at issue differed in the years at issue in this case: 1973 and 1974. In 1973, an applicant had to be “economically and/or educationally disadvantaged,” while in 1974 an applicant explicitly had to be a member of a “minority group” as defined above. *Bakke*, 438 U.S. at 274. In 1973, although disadvantaged whites applied to the special admissions program in large numbers, none received offers through that process. *Id.* at 276.

For a recent twist on qualification as a “designated minority group,” see *infra* text accompanying note 169.

46. *Bakke*, 438 U.S. at 277. “Applicants admitted under the special program also had benchmark scores significantly lower than many students, including Bakke, rejected under the general admissions program, even though the [benchmark scores] apparently gave credit for overcoming disadvantage.” *Id.*

47. CAL. CONST. art. I, § 21 (repealed 1974) (current version at *id.* § 7).

48. “[N]or shall any State . . . deny to any person within its jurisdiction the equal protection of the laws.” U.S. CONST. amend. XIV, § 1.

49. “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” 42 U.S.C. § 2000d (1994).

the use of race as a distinguishing factor among applicants.

Bakke ultimately reached the U.S. Supreme Court, and, in deciding the case, the nine Justices wrote six separate opinions, with no majority opinion emerging because only four Justices at a time could agree upon any given rationale.⁵⁰

B. *The Opinions*

Though by different routes, a majority of the court agreed five-to-four that the University of California's special admissions program was illegal and that Bakke was entitled to admission into the medical school. In announcing the judgment of the Court, Justice Powell found the program illegal because it failed to satisfy the second leg of the strict scrutiny analysis because its use of quotas was not narrowly tailored to achieve the compelling interest Powell found to be present.⁵¹ As the first Supreme Court Justice to do so, Justice Powell found genuine diversity, of which race is an element, to be a compelling governmental interest, at least in the context of higher education, thus satisfying the first leg of the strict scrutiny analysis.⁵² The problem with this, precedentially, is that none of the other Justices concurred with Justice Powell's reasoning on this issue or with this conclusion. In these concurrences-in-the-judgment-in-part and dissents-in-part, Justices Brennan, White, Marshall, and Blackmun's opinions joined Justice Powell's opinion only in Parts I and V-C.⁵³ Chief Justice Burger, and Justices Stewart, Stevens, and Rehnquist's opinion only joins Justice Powell's opinion inasmuch as it affirmed the judgment of the Supreme Court of California declaring the program illegal and admitting Bakke to the school.⁵⁴

50. Justice Powell announced the judgment of the Court. *Bakke*, 438 U.S. at 269. Justices Brennan, White, Marshall and Blackmun concurred in the judgment in part and dissented in part. *Id.* at 324. Justice White wrote separately to explain his involvement in his joint opinion. *Id.* at 379-80. Justice Marshall also wrote separately to illuminate his position. *Id.* at 387-88. Justice Blackmun likewise added to his joint opinion some "general observations that hold particular significance" for him. *Id.* at 402. Justice Stevens, joined by Chief Justice Burger and Justices Stewart and Rehnquist concurred in the judgment in part and dissented in part. *Id.* at 408.

51. *Id.* at 314-17.

52. *Id.* at 311-14. Justice Powell's muddled prose appears to use the terms "permissible," "substantial" and "compelling" interchangeably in referring to the governmental interest in question. Because he embraces in his opinion the standard of strict scrutiny for all governmental distinctions based upon race, these terms, as currently understood, clearly refer to the *compelling* governmental interest necessary under strict scrutiny. *Id.* at 290.

53. *Id.* at 328. Part I of Powell's opinion was merely a recitation of the facts and case history. *Id.* at 272-81. Part V-C emphasized that the State may consider race and ethnic origin in the admissions process. *Id.* at 319. Justices Brennan, Marshall, and Blackmun also agreed with Justice Powell's conclusion in Part II of his opinion "that this case does not require us to resolve the question whether there is a private right of action under Title VI." *Id.* at 284, 328. Justice White wrote separately to address this issue. *Id.* at 379.

54. *Id.* at 421. Chief Justice Burger, and Justices Stewart, Stevens, and Rehnquist believed that the admissions program violated Title VI of the Civil Rights Act of 1964 by excluding Bakke

C. *The Precedent, or Lack Thereof*

In the words of one constitutional commentator, this decision represents “a disturbing failure by the Court to discharge its responsibility to give coherent, practical meaning to our most important constitutional ideals.”⁵⁵ Authoritatively, it stands for very little as a whole, because the “Court reached no consensus on a justification for its result.”⁵⁶

Although Justice Powell’s lone affirmance in *Bakke* of diversity in higher education as a compelling governmental interest is important in opening up future possibilities for defenses of affirmative action,⁵⁷ it bears the mark of dicta in this case.⁵⁸ Justice Powell reiterated his conclusion two years later in his concurrence in *Fullilove v. Klutznick*,⁵⁹ although he seemed to contradict or limit the idea in the same concurrence by stating that “[r]acial preference never can constitute a compelling state interest.”⁶⁰ In any case, *Bakke* remains a starting point for tracing this issue, although it did not set widely recognized precedent.⁶¹

III. SINCE *BAKKE*

A. *Racial Diversity Resurfaces as a Governmental Interest—Metro Broadcasting, Inc. v. Federal Communications Commission*

Twelve years after *Bakke*, the Supreme Court again considered the issue of racial diversity as a compelling interest in the case of *Metro Broadcasting, Inc. v. FCC*.⁶² After being passed over in favor of a broadcasting company with a higher percentage of minority ownership, Metro Broadcasting, Inc. sued the FCC over

due to his race; therefore the constitutional question of whether race can ever be used as a factor in admissions was not necessary to the decision of this case. *Id.* at 411, 421.

55. Vincent Blasi, *Bakke as Precedent: Does Mr. Justice Powell Have a Theory?*, 67 CAL. L. REV. 21 (1979).

56. *Hopwood v. Texas*, 78 F.3d 932, 941 (5th Cir. 1996), *cert. denied*, 116 S. Ct. 2581 (1996); see Kent Greenawalt, *The Unresolved Problems of Reverse Discrimination*, 67 CAL. L. REV. 87, 88 (1979).

57. *Hopwood*, 78 F.3d at 941 (“Justice Powell’s separate opinion in *Bakke* provided the original impetus for recognizing diversity as a compelling state interest in higher education.”).

58. *Id.* at 944 (“Justice Powell’s argument in *Bakke* garnered only his own vote and has never represented the view of a majority of the Court in *Bakke* or any other case.”); see Kathleen A. Kirby, *Shouldn’t the Constitution Be Color Blind?* *Metro Broadcasting Inc. v. FCC Transmits a Surprising Message on Racial Preferences*, 40 CATH. U. L. REV. 403, 418 (1991).

59. 448 U.S. 448, 498 (1980).

60. *Id.* at 497.

61. Justice Powell’s *Bakke* holding concerning diversity has been recognized *ex post* by some Justices as precedent though it was joined by no other Justice when written. See *Metro Broad., Inc. v. FCC*, 497 U.S. 547, 568 (1990), *overruled by* *Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097 (1995).

62. 497 U.S. 547 (1990).

two racially discriminatory policies that favored minorities in the granting of broadcast licenses. The Court, finding for the FCC, applied mere intermediate scrutiny to racial classifications by the federal government though state and local governments were subject to strict scrutiny,⁶³ and held that the interest of enhanced broadcast diversity was an important governmental interest, justifying the discriminatory policies.⁶⁴ It is crucial, in considering what follows, to recall the distinction between an important governmental interest and a compelling one;⁶⁵ intermediate scrutiny requires an important interest and strict scrutiny requires a compelling interest to successfully defend whatever governmental action is being challenged.

Within the limitations of the broadcast licensing context in *Metro Broadcasting*, the Court did not elevate the interest of racial diversity to the status of a compelling governmental interest. However, in defining this interest, the Court did say that "at the very least" broadcast diversity is an important governmental objective, leaving open the possibility of a later majority holding that racial diversity is a compelling governmental interest.⁶⁶

Metro Broadcasting does provide some support for the concept of racial diversity as a compelling interest by analogizing its holding, concerning broadcast diversity, to Justice Powell's *Bakke* opinion, concerning diversity in higher education.⁶⁷ The majority in *Metro Broadcasting* seems to accept the *Bakke* opinion as precedent. The only other support *Metro Broadcasting* offers for diversity as a compelling interest is the Court's obvious hint when it stated, "[E]nhancing broadcast diversity is, at the very least, an important governmental objective."⁶⁸ The words "at the very least" convey a definite impression that the diversity mentioned is probably also a compelling interest as far as this majority is concerned, but the words also bear the scent of dicta.⁶⁹ Overruled as to the proper standard of review, what *Metro Broadcasting* adds to Justice Powell's *Bakke* opinion is weak and inferential, except for its broadening of the contexts in which diversity is valuable to include broadcast licensing.⁷⁰

63. Less than one year earlier, the Court applied strict scrutiny to racial classifications by state and local governments in *Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989). See *supra* Part I.A.

64. *Metro Broad.*, 497 U.S. at 566-68.

65. See *supra* Part I.

66. *Metro Broad.*, 497 U.S. at 567. But see *infra* Part III.B.2.

67. *Metro Broad.*, 497 U.S. at 568.

68. *Id.* at 567.

69. It is as if the Court, with the words "at the very least," is anticipating a future case and trying "to figure it out in advance." Robert Laurence, *On Worthen, Walker and Dicta: The Supreme Court Shoots the Breeze About Exemption Law*, 1993 ARK. L. NOTES 73, 73. This does not mean that the Court's words are "worthless," just that they are "worth less." *Id.*

70. Until *Metro Broadcasting*, the only context in which the Court had previously considered racial diversity as a governmental interest was that of higher education admissions. See *supra* discussion Part II.

B. The Metro Broadcasting Dissents

The Supreme Court's strongest positions against racial diversity constituting a compelling interest have been taken by Justices O'Connor⁷¹ and Kennedy⁷² in their dissents in *Metro Broadcasting*. Justice O'Connor's dissent was joined by Chief Justice Rehnquist and Justices Scalia and Kennedy; Justice Kennedy's dissent was also joined by Justice Scalia. Chief Justice Rehnquist and Justice Scalia's positions seem predictable, being two of the Court's "hard-core conservatives,"⁷³ but Justices O'Connor and Kennedy are "swing" Justices in affirmative action cases,⁷⁴ so their positions are more influential on a possible revisitation of this issue by the Court.

1. *Justice O'Connor's Dissent.*—With her dissent in *Metro Broadcasting*, Justice O'Connor seems to have shifted positions from her stance four years earlier in her concurrence in *Wygant v. Jackson Board of Education*.⁷⁵ In that concurrence, Justice O'Connor stated:

[A]lthough its precise contours are uncertain, a state interest in the promotion of racial diversity has been found sufficiently "compelling," at least in the context of higher education, to support the use of racial considerations in furthering that interest. . . . And certainly nothing the Court has said today necessarily forecloses the possibility that the Court will find other governmental interests which have been relied upon in the lower courts but which have not been passed on here to be sufficiently "important" or "compelling" to sustain the use of affirmative action policies.⁷⁶

In *Wygant*, Justice O'Connor clearly supported racial diversity as a compelling interest where higher education was concerned, although she acknowledged its vague precedential support by pointing out that its "precise contours are uncertain."⁷⁷ She also opened the possibility of "other governmental interests," unreviewed by the Supreme Court, as candidates for compelling interests.⁷⁸

More recently, her dissent in *Metro Broadcasting* is not nearly as open-armed and broad in scope in recognizing compelling governmental interests. In her dissent, she states:

Modern equal protection doctrine has recognized only one [compelling] interest: remedying the effects of racial discrimination. The interest in increasing the diversity of broadcast viewpoints is clearly not a

71. *Metro Broad.*, 497 U.S. at 602-31 (O'Connor, J., dissenting).

72. *Id.* at 631-38 (Kennedy, J., dissenting).

73. Marcia Coyle, *An Emboldened Majority Breaks Ground*, NAT'L L.J., July 31, 1995, at C2.

74. *Id.*

75. 476 U.S. 267 (1986).

76. *Id.* at 286 (O'Connor, J., concurring) (citations omitted).

77. *Id.*

78. *Id.*

compelling interest. It is simply too amorphous, too insubstantial, and too unrelated to any legitimate basis for employing racial classifications. The Court . . . [here] too casually extends the justifications that might support racial classification, beyond that of remedying past discrimination. We have recognized that racial classifications are so harmful that “[u]nless they are strictly reserved for remedial settings, they may in fact promote notions of racial inferiority and lead to a politics of racial hostility.”⁷⁹

In *Metro Broadcasting*, Justice O'Connor pointed to one exclusive compelling governmental interest presently recognized by the Court—that of remedying past discrimination. By accepting broadcast diversity as such an interest, the *Metro Broadcasting* majority had, in her opinion, overstepped its constitutional bounds, due to the harmful nature of racial classifications and the very limited circumstances under which they can be safely employed.⁸⁰ In assessing the weight of Justice O'Connor's dissent, aside from noting the Chief Justice and other Justices who joined her dissent,⁸¹ it is informative to note that she later wrote the *Adarand* opinion which overruled *Metro Broadcasting*.⁸²

Justice O'Connor's dissent did not stop with noting that the Court has only recognized one compelling governmental interest supporting racial classification; she continued, taking pains to discredit the idea that diversity could be achieved through governmental racial classification.⁸³ The vexing problem is the obvious inference that there exists a “Black viewpoint” or a “minority viewpoint” which diversity will bring into contact and interaction with the established and separate “White viewpoint.” This invites criticism, heard equally among minorities and non-minorities, about racial stereotyping and racial essentialism.⁸⁴

Justice O'Connor declared:

Under the majority's holding, the FCC may also advance its asserted interest in viewpoint diversity by identifying what constitutes a “black viewpoint,” an “Asian viewpoint,” an “Arab viewpoint,” and so on; determining which viewpoints are underrepresented; and then using that

79. *Metro Broad.*, 497 U.S. at 612-13 (O'Connor, J., dissenting, joined by Rehnquist, C.J., Scalia & Kennedy, JJ.) (quoting *Croson*, 488 U.S. at 493).

80. *Id.*

81. *See supra* note 79.

82. 115 S. Ct. 2097 (1995).

83. *Metro Broad.*, 497 U.S. at 614-17 (O'Connor, J., dissenting).

84. Sheila Foster, *Difference and Equality: A Critical Assessment of the Concept of “Diversity,”* 1993 WIS. L. REV. 105, 139.

Essentialism is the notion that a person's “difference” determines her essential nature, governing the way a person feels, thinks, and acts. Thus, gender essentialism has been described as the notion that there is a “monolithic women's experience” or viewpoint that exists despite differences in experiences based on race, class, and sexual orientation.

Id. at 139 n.136; *see also* Angela P. Harris, *Race and Essentialism in Feminist Legal Theory*, 42 STAN. L. REV. 581, 588 (1990). “A corollary to gender essentialism is ‘racial essentialism’—the belief that there is a monolithic ‘Black experience,’ or ‘Chicano experience.’” *Id.*

determination to mandate particular programming or to deny licenses to those deemed by virtue of their race or ethnicity less likely to present the favored views.⁸⁵

Her assessment of the interest in diversity of viewpoints is that it merely allows the government to make generalizations that impermissibly equate race with thoughts and behavior.⁸⁶ These generalizations permit unjustifiable governmental favoritism of certain races and racially-identified views, because it is “impossible to distinguish naked preferences for members of particular races from preferences for members of particular races because they possess certain valued views.”⁸⁷

Even the subjects of this essentializing⁸⁸—members of racial and ethnic groups⁸⁹—warn against homogenizing the experiences of persons of color and

85. *Metro Broad.*, 497 U.S. at 615 (O'Connor, J., dissenting).

86. *Id.*; Foster, *supra* note 84, at 139-40.

87. *Metro Broad.*, 497 U.S. at 615-16 (O'Connor, J., dissenting); Foster, *supra* note 84, at 140.

88. *See supra* note 84.

89. In an absolute sense, this includes us all—we are all members of a certain racial group or products of a certain racial mix; all of us have an ethnic origin, though perhaps compound and unnoticed as in some cases it may be. This raises an interesting, forward-looking problem of the interest in defining “diverse” viewpoints from a racial perspective. In America, as a “melting pot,” and the world, as a newborn “global village,” as interracial interaction begins to reach unprecedented dimensions (a fact of which this late twentieth century has every right to be proud), how are we to define diverse viewpoints sharply along racial lines as these lines, although slowly, become less and less solid, and we all begin to become more and more alike? *See Stanley Crouch, Race Is Over*, N.Y. TIMES, Sept. 29, 1996, § 6 (Magazine), at 1.

Already, President Clinton's Office of Management and Budget “is troubled by complaints made on behalf of what it provisionally calls ‘multiracial persons.’ . . . The 1990 Census counted at least four million children of mixed-race couples, children on whom the government now affixes an obviously arbitrary label.” David Tell, *Affirmative Action and the Black and Tan Fantasy*, WKLY. STANDARD, Feb. 12, 1996, at 29, 29. Finding an appropriate racial label for these persons will involve, according to the OMB's Sally Katzen, a “substantively complex and humanly sensitive journey.” *Id.*; *see infra* text accompanying note 95. Serious options for this new racial label range from “the startlingly retrograde ‘mulatto’ to the cosmically contemporary ‘TIRAH,’ which stands for ‘Tan InterRacial American Humankind.’” *Id.* (discussing options found in an August 1995 notice buried in the *Federal Register*). Notice, Standards for the Classification of Federal Data on Race and Ethnicity, 60 Fed. Reg. 44,686 (1995). Most surprisingly, the administration actually may “dispense with racial and ethnic categories altogether and employ something called a Skin-Color Gradient Chart instead. The chart would be a comprehensive color wheel of numerically identified skin tones, against which each Census respondent's flesh might be judged.” *Id.* Technical problems include individuals' changes in skin color over a lifetime due to sunlight or disease, and political problems include the tendency that such categorizations would undermine affirmative action. *Id.*

Consider the following quote from the front page of *USA Today*: “In one master stroke, Tiger Woods has exposed mainstream USA to what millions of multiracial Americans have felt for years:

minimizing the heterogeneity of opinions held and articulated in those communities.⁹⁰ "Social divisions generate radical differences in interests and consciousness within racial groups," Professor Randall Kennedy points out, concluding that "racial groups are not monolithic."⁹¹

Justice O'Connor's stand against diversity as a governmental interest is largely in recognition of the diversity that exists within the various minority segments of the population, making these racial blocs unable to be effectively categorized each under a separate, unified viewpoint. Ironically then, it is those who march under the banner of "diversity" who most tend to repress the diversity of ways in which similarly situated people conceptualize the world.⁹²

2. *Justice Kennedy's Dissent.*—Justice Kennedy joined Justice O'Connor's *Metro Broadcasting* dissent along with Chief Justice Rehnquist and Justice Scalia, but also felt inclined to contribute his own dissent. His dissent, joined by Justice Scalia, attacked racial classifications and the interest in broadcast diversity as a trivial justification for such "benign" discrimination.⁹³ Justice Kennedy's stance is important to consider in anticipating future cases, as, along with Justice O'Connor, he is presently considered a "swing" Justice in affirmative action cases, aligned exclusively with neither the left nor the right wings within the Supreme Court.⁹⁴

Beyond the difficulty in deciphering and favoring particular viewpoints of particular racial groups, Justice Kennedy illuminated the difficulty in the task of defining who is a member of a particular racial group—a task that the *Metro Broadcasting* decision and all other racial classifications by government require.⁹⁵

frustration at being pigeonholed into one race category." Haya El Nasser, *Measuring Race: Varied Heritage Claimed and Extolled by Millions*, USA TODAY, May 8, 1997, at 1A. Desiring not be called "black," Woods prefers the term "cablinasian," which he created to express his Caucasian, black, American Indian, and Asian heritage. *Id.* In Congress, Republican Rep. Tom Petri of Wisconsin has introduced a bill asking for a multiracial box to be added among the other racial check-off boxes on federal forms. *Id.* Needless to say, leaders in minority communities feel threatened by this proposition, fearing the loss of "clout." *Id.*

The confusion engendered by the multiracial debate is succinctly swept away by one statement from Kimberly Campbell, a 24-year-old black, American Indian, white, and Hispanic female—"I would prefer it if there weren't any boxes at all." *Id.*

90. Randall L. Kennedy, *Racial Critique of Legal Academia*, 102 HARV. L. REV. 1745, 1782 (1989); Foster, *supra* note 84, at 140.

91. Kennedy, *supra* note 90, at 1782-83. The assumption that racial oppression creates a single, distinct and common experience "wraps in one garment of racial victimization the black law professor of middle-class upbringing with a salary of \$65,000 and the black, unemployed, uneducated captive of the ghetto." *Id.* at 1782. "There are . . . other important cross-cutting variables . . . that diversify the experiences of persons of color, including gender, region, and differing group affiliations within the catch-all category 'people of color.'" *Id.* at 1783.

92. *Id.* at 1784.

93. *Metro Broad.*, 497 U.S. at 631-32.

94. Coyle, *supra* note 73, at C-2.

95. *Metro Broad.*, 497 U.S. at 633 n.1 (Kennedy, J., dissenting, joined by Scalia, J.).

Though many members of racial groups may perhaps be easily identified, there are a great many people who do not fit easily into categories. Where do you draw the line? How many lines do you draw? The FCC, for example, “has found it necessary to trace an applicant’s family history to 1492 to conclude that the applicant was ‘Hispanic’ for purposes of a minority tax certificate policy.”⁹⁶

Justice Kennedy agreed that “the very attempt to define with precision a beneficiary’s qualifying racial characteristics is repugnant to our constitutional ideals.”⁹⁷ The policies that attempt such classification are justified by the *Metro Broadcasting* majority in this case as “benign” discrimination, substantially related to an important governmental interest.⁹⁸ But Justice Kennedy declared:

Policies of racial separation and preference are almost always justified as benign, even when it is clear to any sensible observer that they are not. The following statement, for example, would fit well among those offered to uphold the Commission’s racial preference policy: “The policy is not based on any concept of superiority or inferiority, but merely on the fact that people differ, particularly in their group associations, loyalties, cultures, outlook, modes of life and standards of development.”⁹⁹

Justice Kennedy used this quote from South African apartheid racial policies to show how dangerous the majority’s similar reasoning is in so cavalierly allowing governmental distinction and differentiated treatment between races in a context other than that of remedying past discrimination. “I regret,” he concluded, “that after a century of judicial opinions we interpret the Constitution to do no more than move us from ‘separate but equal’ to ‘unequal but benign.’”¹⁰⁰

Five years after *Metro Broadcasting*, the possibility alluded to therein¹⁰¹ of broadcast diversity as a compelling interest was greatly narrowed by *Adarand Constructors, Inc. v. Peña*.¹⁰² But *Adarand* did not entirely overrule *Metro Broadcasting*; *Adarand* only overruled it “[t]o the extent that [it] is inconsistent with” *Adarand*’s holding that strict scrutiny applies to all governmental racial classifications, whether imposed by state, local or federal governments.¹⁰³ Thus,

96. *Id.*; see *In re Storer Broad. Co.*, 87 F.C.C.2d 190 (1981).

97. *Fullilove v. Klutznick*, 448 U.S. 448, 534 n.5 (1980) (Stevens, J., dissenting). Justice Stevens makes his point in a chilling fashion: “If the National Government is to make a serious effort to define racial classes by criteria that can be administered objectively, it must study precedents such as the First Regulation to the Reichs Citizenship Law of November 14, 1935, translated in 4 NAZI CONSPIRACY AND AGGRESSION, Doc. No. 1417-PS, pp. 8-9 (1946).” *Id.* Other, equally frightening examples exist. See Population Registration Act 30 of 1950, Statutes of the Republic of South Africa 71 (1985).

98. *Metro Broad.*, 497 U.S. at 564-65.

99. *Id.* at 635 (Kennedy, J., dissenting) (quoting South Africa and the Rule of Law 37 (1968) (official publication of the South African Government)).

100. *Id.* at 637-38.

101. See *supra* note 66 and accompanying text.

102. 115 S. Ct. 2097 (1995).

103. *Id.* at 2113.

Adarand seems to leave undisturbed the holding that broadcast diversity is at least an important governmental interest, but the point is moot because strict scrutiny requires a compelling interest and the *Metro Broadcasting* opinion did not consider whether the interest was compelling.

*C. Remedying Past Discrimination as the Only Compelling
Governmental Interest for Affirmative Action*

Although the “forward-looking”¹⁰⁴ interest of diversity has been argued as a compelling interest before the Supreme Court,¹⁰⁵ it has never been found to be a sufficient justification on its own for affirmative action.¹⁰⁶ The Court seems inclined to approve affirmative action programs “only as precise penance for the specific sins of racism a government, union, or employer has committed in the past.”¹⁰⁷ Possibly, the Court has avoided forward-looking justifications like diversity in order “to protect affirmative action plans from charges that” those plans, because they seek increased minority representation through racially discriminatory means, “are a dangerous exercise in ‘social engineering.’”¹⁰⁸

As affirmative action cases began coming before the Supreme Court almost twenty years ago, the justification to which the Court repeatedly focused was a “backward-looking,” or strictly remedial, justification—remedying past discrimination.¹⁰⁹ “Thus[,] affirmative action was permissible to ‘remedy,’ ‘repair[,]’ or ‘cure’¹¹⁰ past sins of discrimination.”¹¹¹ Except for the short-lived detour the

104. Kathleen M. Sullivan, *The Supreme Court, 1985 Term—Comment: Sins of Discrimination: Last Term’s Affirmative Action Cases*, 100 HARV. L. REV. 78, 80 (1986). Foster, *supra* note 84, at 108.

105. See *supra* Part II.

106. Though in *Metro Broadcasting*, the interest in diversity justified an affirmative action program because it was an *important* governmental interest, it was not found to be *compelling*. See *supra* Part III.A.

107. Sullivan, *supra* note 104, at 80. “[T]he Court [has n]ever broken out of sin-based rationales to elaborate a paradigm that would look forward rather than back, justifying affirmative action as the architecture of a racially integrated future.” *Id.* This was written four years prior to *Metro Broadcasting*, which *did* elaborate on a forward-looking paradigm of sorts, but *Metro Broadcasting*’s overruling by *Adarand Constructors Inc. v. Pena*, 115 S. Ct. 2097 (1995), lends some credibility to this otherwise dated declaration.

108. Sullivan, *supra* note 104; see also Morris B. Abram, *Affirmative Action: Fair Shakers and Social Engineers*, 99 HARV. L. REV. 1312 (1986) (argues against “social engineers” requiring the attainment of predetermined ends rather than the abolition of barriers to fair participation).

109. Michel Rosenfeld, *Metro Broadcasting, Inc. v. FCC: Affirmative Action at the Crossroads of Constitutional Liberty and Equality*, 38 UCLA L. REV. 583, 585 (1991). Sullivan, *supra* note 104, at 81. Foster, *supra* note 84, at 107, 108.

110. *Fullilove v. Klutznick*, 448 U.S. 448, 520 (1980) (Marshall, J., joined by Brennan & Blackmun, JJ., concurring in the judgment); *id.* at 510 (Powell, J., concurring); *id.* at 484 (Burger, C.J. joined by White & Powell, JJ.).

111. Sullivan, *supra* note 104, at 83 (footnote omitted).

Court took with *Metro Broadcasting*, this focus has been singular in its effectiveness, and has of late begun to take on the flavor of an exclusive justification for affirmative action.¹¹² But one must first start at the beginning, in following this line of precedent.

In *Bakke*,¹¹³ discussed earlier, the medical school's admissions policy was held unconstitutional. But the four Justices who would have upheld the program would have done so because they reasoned that the policy was justified by the "articulated purpose of remedying the effects of past societal discrimination" which they felt was manifested in "minority underrepresentation [that] is substantial and chronic."¹¹⁴

In *United Steelworkers v. Weber*,¹¹⁵ a white employee filed suit against his employer and union, challenging the legality of a plan for on-the-job training which mandated a quota which provided that for every white worker admitted to the program, one minority worker would be admitted. The plan was upheld because it aimed "to break down old patterns of racial segregation and hierarchy"¹¹⁶ reflected in the employer's "traditionally segregated job categories."¹¹⁷ This discrimination was a past wrong of which it would have been "unfair" to "absolve" the employer, even if it no longer engaged in discriminatory practices.¹¹⁸ The plan surviving attack here "operate[d] as a temporary tool for remedying past discrimination."¹¹⁹ Although this case arose in the context of private, voluntary affirmative action programs, the Court's focus is illuminating as an example of judicial consistency, not in the scope of the interest, but in the focus on the interest in remedying past discrimination, however narrowly or broadly conceived.

In *Fullilove v. Klutznick*,¹²⁰ associations of construction contractors and subcontractors tried to prevent enforcement of the "minority business enterprise" provision of the Public Works Employment Act of 1977. The "minority business enterprise" provision required that, absent administrative waiver, at least 10% of federal funds granted for local public works projects must be used to procure services or supplies from businesses owned by minority group members. Past "private and governmental discrimination" had "contributed to the negligible

112. See generally Vonda L. Marshall, Note, *Race-Conscious Relief and the F.C.C.: Putting Race Discrimination Back in Its Historical Context*, 34 HOW. L.J. 367, 367 (1991); Stephen R. McAllister, *One Anglo-Irish American's Observations on Affirmative Action*, 5 KAN. J.L. & PUB. POL'Y 21, 23 (1996).

113. *Regents of the Univ. of Cal. v. Bakke*, 438 U.S. 265 (1978). See *supra* Part II.

114. *Bakke*, 438 U.S. at 362 (Brennan, White, Marshall & Blackmun, JJ., dissenting in part and concurring in part).

115. 443 U.S. 193 (1979).

116. *Id.* at 208.

117. *Id.* at 209.

118. *Id.* at 214-15 (Blackmun, J., concurring); Sullivan, *supra* note 104, at 82.

119. *Weber*, 443 U.S. at 216 (Blackmun, J., concurring).

120. 448 U.S. 448 (1980).

percentage of public contracts awarded minority contractors”¹²¹ in the present, which this provision was intended to remedy. The provision survived attack due to its remedial nature as far as past discrimination is concerned.¹²² Even the three dissenting Justices agreed that eradicating “the actual effects of illegal race discrimination” qualified as a compelling governmental interest.¹²³

In *Firefighters Local Union No. 1784 v. Stotts*,¹²⁴ the complaint concerned a consent decree that had recently been entered into between a city fire department and a class of black firefighters, establishing hiring and promotional goals for minority firefighters, but not admitting past discrimination. When layoffs became necessary, it was clear that the recently hired minority firefighters would be the first to be laid off if the seniority system operated as usual. The district court that had approved the decree sought to preserve its success by enjoining the fire department’s seniority system, thus requiring the layoffs of many white firefighters with greater seniority than remaining minority firefighters. One white firefighter sued to restrain the city from this enjoinder of the seniority system; he succeeded in his suit. The enjoinder of the seniority system failed as affirmative action because there was no finding that the minority firefighters were victims of past discrimination by the city.¹²⁵ The consent decree contained no admission of wrongdoing by the city, and no such finding had been made.

As cases continued to surface, the Court continued to focus on past discrimination as the appropriate justification for affirmative action. In *Wygant v. Jackson Board of Education*,¹²⁶ the plurality opinion stated that the “limited use of racial classifications” might be tolerated for the compelling purpose of remedying “prior discrimination by the governmental unit involved,”¹²⁷ although the racially-conscious layoffs at issue failed to survive. In *Local 28, Sheet Metal Workers’ International Ass’n v. EEOC*,¹²⁸ a numerically-oriented hiring goal was upheld as one of the “tools for remedying past discrimination.”¹²⁹ In *United States v. Paradise*,¹³⁰ a one-black-for-each-white promotion plan in a police department was upheld due to the department’s “long and shameful record of delay and resistance” to equal opportunity for minorities.¹³¹

With *City of Richmond v. J.A. Croson Co.*,¹³² the Court strongly suggested that

121. *Id.* at 503 (Powell, J., concurring).

122. *Id.* at 479, 490.

123. *Id.* at 528 (Stewart, J., joined by Rehnquist, J., dissenting); *see id.* at 537-41 (Stevens, J., dissenting).

124. 467 U.S. 561 (1984).

125. *Id.* at 578-79.

126. 476 U.S. 267 (1986).

127. *Id.* at 274 (Powell, J., joined by Burger, C.J., Rehnquist & O’Connor, JJ.).

128. 478 U.S. 421 (1986).

129. *Id.* at 481 (plurality opinion); *see id.* at 487-89 (Powell, J., concurring in part and concurring in the judgment).

130. 480 U.S. 149 (1987).

131. *Id.* at 185 (plurality opinion).

132. 488 U.S. 469 (1989).

remedying past discrimination may be the only compelling interest for affirmative action. "Unless they are strictly reserved for remedial settings, [classifications based on race] may in fact promote notions of racial inferiority and lead to a politics of racial hostility."¹³³ Once the governmental interest in remedying past discrimination is triggered by the appropriate findings, "[o]nly then does the government have a compelling interest in favoring one race over another."¹³⁴ However, Justice Stevens, writing separately, did not agree "that a governmental decision that rests on a racial classification is never permissible except as a remedy for a past wrong."¹³⁵ However, one year later the dissent in *Metro Broadcasting* further supported the exclusivity of this interest.¹³⁶ "Modern equal protection doctrine has recognized only one [compelling] interest: remedying the effects of racial discrimination."¹³⁷

More recently however, in *Adarand Constructors Inc. v. Peña*,¹³⁸ Justice Stevens, dissenting, did not believe that *Adarand's* overruling of *Metro Broadcasting* diminished *Metro Broadcasting's* "proposition that fostering diversity may provide a sufficient interest to justify" affirmative action.¹³⁹ *Miller v. Johnson*,¹⁴⁰ a race-based legislative redistricting case, also provided at least some hint from the majority that remedial purpose may not be an exclusive justification. In striking down the redistricting plan at issue, the Court said, "Whether or not in some cases compliance with the Voting Rights Act, standing alone, can provide a compelling interest independent of any interest in remedying past discrimination, it cannot do so here."¹⁴¹ In addition, Justice Stevens' dissent again clearly recognized an interest in diversity though he did not qualify it with a label such as "compelling" or "important."¹⁴² So perhaps the Court has not closed the door on other possible compelling interests, such as compliance with the Voting Rights Act or racial diversity, but at present it seems that only those affirmative action programs that exist to remedy past discrimination will survive the requisite strict scrutiny review.¹⁴³

133. *Id.* at 493.

134. *Id.* at 497 (footnote omitted).

135. *Id.* at 511 (Stevens, J., concurring in part and concurring in the judgment).

136. 497 U.S. 547, 612 (1990) (O'Connor, J., dissenting, joined by Rehnquist, C.J., Scalia & Kennedy, JJ.).

137. *Id.*

138. 115 S. Ct. 2097 (1995).

139. *Id.* at 2127-28 (Stevens, J., dissenting, joined by Ginsburg, J.).

140. 115 S. Ct. 2475 (1995).

141. *Id.* at 2490-91.

142. *Id.* at 2498.

143. *But see* Wittmer v. Peters, 87 F.3d 916, 919 (7th Cir. 1996), *cert. denied*, 117 S. Ct. 949 (1997). In *Wittmer*, Judge Posner points out that the Supreme Court has not definitively ruled on the question of whether the only type of "racial discrimination that can survive strict scrutiny is discrimination designed to cure the ill effects of past discrimination by the public institution that is asking to be allowed this dangerous cure." *Id.* In *Wittmer*, the court found that the Illinois Department of Corrections could take race into account when deciding whether to promote a black

IV. THE CURRENT SUPREME COURT

In order to accurately predict what the Supreme Court would hold concerning racial diversity as a compelling governmental interest, one must analyze the current makeup of the Court and general tendencies it has recently exhibited. Though predictions based on such an inquiry are hypothetical and uncertain, it seems clear that the Court, in the current politically volatile environment, is "poised to restrict affirmative action regardless of what the politicians do."¹⁴⁴

A. Supreme Court Composition

Gone are Chief Justice Burger, and Justices Stewart, Powell, Brennan, Marshall, White, and Blackmun, whose opinions have played a great part of the preceding precedential history. Thus, absent is the first Justice, Justice Powell, to find diversity in higher education admissions to be a compelling interest,¹⁴⁵ and all but one of the majority in *Metro Broadcasting*¹⁴⁶ who found that racial diversity in the broadcast licensing context was an important governmental interest. Remaining are Chief Justice Rehnquist and Justices Stevens, O'Connor, Scalia, Kennedy, Souter, Thomas, Ginsburg, and Breyer. As far as their liberal or conservative tendencies are concerned,¹⁴⁷ the consensus seems to be that Chief Justice Rehnquist and Justices Scalia and Thomas form the Court's right wing of "hard-core conservatives;" Justices Stevens, Souter, Ginsburg, and Breyer tend to form more of a left wing, at least where affirmative action is concerned, and Justices O'Connor and Kennedy are the moderates or "swing voters"—the wavering center.¹⁴⁸

Justices Stevens and Ginsburg are on record as supporting the interest in diversity, though they have not gone so far as to call it "compelling."¹⁴⁹ It would not be surprising if Justices Souter and Breyer voted with Justices Stevens and

to a supervisory position. *Id.* at 920-21. It concluded that because the inmate population was predominantly black and the security staff was predominantly white, the department had a "powerful and worthy concern" about the race of the person filling the open slot. *Id.* at 919. The court accepted the idea that "black inmates are believed unlikely to play the correctional game of brutal drill sergeant and brutalized recruit unless there are some blacks in authority in the camp." *Id.* at 920. One wonders whether this decision can be squared with *Palmore v. Sidoti*, 466 U.S. 429, 433 (1984) wherein the Court stated, "Private biases may be outside the reach of the law, but the law cannot, directly or indirectly, give them effect."

144. Paul Gewirtz, *Rule of Law: Affirmative Action: Don't Forget the Courts*, WALL ST. J., Aug. 2, 1995, at A11; see also Jost, *supra* note 3; Coyle, *supra* note 3.

145. See *supra* Part II.

146. 497 U.S. 547 (1990) (opinion of Brennan, White, Marshall, Blackmun, & Stevens, JJ.).

147. "[E]ven if the Justices try self-consciously to banish politics to the margins of the mind . . . doing so paradoxically requires taking politics into account." Kathleen M. Sullivan, *Foreword: The Justices of Rules and Standards*, 106 HARV. L. REV. 22, 95 (1992).

148. See Coyle, *supra* note 73.

149. See *supra* notes 138-42 and accompanying text.

Ginsburg on this issue, since Justice Souter has agreed with Justice Breyer 85% of the time and Justice Breyer has agreed with Justice Ginsburg 86% of the time.¹⁵⁰ Justice O'Connor, joined by Chief Justice Rehnquist and Justices Scalia and Kennedy, has carefully attacked the idea of diversity as a compelling interest,¹⁵¹ as has Justice Kennedy, joined by Justice Scalia.¹⁵² Justice Thomas most often agrees with Justice Scalia and most often disagrees with Justice Stevens;¹⁵³ Justice Thomas' concurrence in *Adarand* makes clear his stance against affirmative action,¹⁵⁴ so he would likely align with Chief Justice Rehnquist and Justices O'Connor, Scalia, and Kennedy on the issue.

B. Recent Hostility to Affirmative Action

Demonstrating the alignments noted in the previous section, the Supreme Court, in its 1995 summer term, struck down all three of the affirmative action programs under attack. First, in *Missouri v. Jenkins*,¹⁵⁵ the State of Missouri appealed from orders entered in an eighteen year-old school desegregation case to fund salary increases for school employees and remedial "quality education" programs in the Kansas City school system. The salary increases, designed to attract non-minority students from the suburbs, were struck down as amounting to an impermissible interdistrict remedy for an intradistrict violation.¹⁵⁶ The "quality education" programs, mandated because student achievement levels were at or below national averages in many grade levels, were ordered by the Court to be reconsidered under the correct standard. The Court held that the state is responsible for lower student achievement levels only to the extent that segregation caused the underachievement and not to the extent that "numerous external factors" may be responsible.¹⁵⁷

Second, in *Adarand Constructors, Inc. v. Pena*,¹⁵⁸ a subcontractor that was not awarded the guardrail portion of a federal highway project sued, challenging the constitutionality of the federal program designed to provide highway contracts to business enterprises deemed disadvantaged. This case made the largest recent splash in the law of affirmative action because it overruled *Metro Broadcasting's* application of intermediate scrutiny to federal racial classifications and applied in

150. See Coyle, *supra* note 73, at C2; see also Marcia Coyle, *How They Divided*, NAT'L L.J., July 31, 1995, at C3. "Justices Souter, Breyer and Ginsburg also tended to vote together." *Id.*

151. See *supra* Part III.B.1.

152. See *supra* Part III.B.2.

153. See Coyle, *supra* note 150, at C3.

154. *Adarand*, 115 S. Ct. at 2119 (Thomas, J., concurring in part and concurring in the judgment). "In my mind, government-sponsored racial discrimination based on benign prejudice is just as noxious as discrimination inspired by malicious prejudice. . . . In each instance, it is racial discrimination, plain and simple." *Id.* (footnote omitted).

155. 115 S. Ct. 2038 (1995).

156. *Id.* at 2051.

157. *Id.* at 2055-56.

158. 115 S. Ct. 2097 (1995). *Adarand* was decided on the same day as *Jenkins*.

its place strict scrutiny; affirmative action by federal, state, and local government bodies are now all subject to the same level of review.¹⁵⁹ The Supreme Court vacated and remanded the case to determine whether the challenged program satisfied the strict scrutiny review.¹⁶⁰

Adarand made it clear that the future of affirmative action is more likely to be decided in the courts than in the political arena.¹⁶¹ It also illuminated the effect Presidents Reagan and Bush have had on the Court through the appointments of Justices O'Connor, Kennedy, Scalia, and Thomas, and, ultimately, denoted the apex of the "conservative" Rehnquist Court.¹⁶² *Adarand's* "primacy and recency" will likely prompt federal judges, many of whom acknowledge the flaws in affirmative action on an intellectual level but are still reluctant to incur the social and political fallout that often stems from rulings adverse to these programs, to be more receptive to lawsuits challenging racial preferences.¹⁶³

Finally, in *Miller v. Johnson*,¹⁶⁴ the Court ventured into the deep waters of racial gerrymandering. The Georgia residents in this case successfully brought an action challenging the constitutionality of race-conscious redistricting legislation and seeking an injunction against its further use in congressional elections. First, the Court held that "parties alleging that a State has assigned voters on the basis of race are neither confined in their proof to evidence regarding the district's geometry and makeup nor required to make a threshold showing of bizarreness."¹⁶⁵ Second, it found that race was "the predominant, overriding factor" of the redistricting, and thus, the plan could not be upheld unless it satisfies strict scrutiny, "our most rigorous and exacting standard of constitutional review."¹⁶⁶ Finally, because the plan was not intended to remedy past discrimination but rather to satisfy the Justice Department's misguided preclearance demands,¹⁶⁷ it did not survive the strict scrutiny review.

Each of these cases was decided by the same 5-4 vote, with Chief Justice Rehnquist and Justices O'Connor, Scalia, Kennedy, and Thomas in the majority, and Justices Stevens, Souter, Ginsburg, and Breyer dissenting. Taken together, these decisions indicate the trouble that governmental race-conscious measures are likely to face in the Supreme Court in the near future. One case, from the Fifth Circuit, was the best opportunity the Court had to decide whether the government has any interest in racial diversity, and if so, the extent of that interest.

159. See *supra* Part I.

160. *Adarand*, 115 S. Ct. at 2055-56.

161. See Jost, *supra* note 3, at 70.

162. See Kenneth A. Martin et al., *Is This the End of Federal Minority Contracting?*, 42 FED. LAW. 44, 48 (1995). President Bush also appointed Justice Souter, but Justice Souter dissented in *Adarand*.

163. See Kirk A. Kennedy, *Race-Exclusive Scholarships: Constitutional Vel Non*, 30 WAKE FOREST L. REV. 759, 769 n.64 (1995).

164. 115 S. Ct. 2475 (1995).

165. *Id.* at 2488.

166. *Id.* at 2490.

167. *Id.* at 2490-93.

V. *HOPWOOD V. TEXAS*¹⁶⁸: AN OPPORTUNITY DECLINEDA. *The Facts*

Cheryl Hopwood, a white female with a 3.8 grade point average and an LSAT score in the 83rd percentile, and three other plaintiffs, white males, all applied to the University of Texas School of Law and were denied admission; minority applicants with lower grade point averages and LSAT scores than the plaintiffs were admitted. The applicants' grade point averages and LSAT scores were computed into a single number known as the Texas Index (TI) and then divided into two pools of applicants: minority and non-minority. The Law School's admissions policy provided for different standards for minorities than for non-minorities in that the TI score at which white applicants were presumptively denied admission was higher than the TI score for which minorities were presumptively admitted.¹⁶⁹ Hopwood sued, alleging violations of the Fourteenth Amendment¹⁷⁰ and Title VI of the Civil Rights Act of 1964.¹⁷¹

B. *In the District Court*

Hopwood v. Texas first went before the U.S. District Court for the Western District of Texas, which applied strict scrutiny to the admissions program in accordance with Supreme Court precedent.¹⁷² As noted earlier, this entails a "determination of whether the . . . process [in issue] served 'a compelling governmental interest' and whether the process is 'narrowly tailored to the

168. 78 F.3d 932 (5th Cir. 1996), *cert. denied*, 116 S. Ct. 2581 (1996).

169. The presumptive-admit score for whites and nonpreferred minorities was 199, and the presumptive-admit score for preferred minorities was 189, three points lower than the presumptive-deny score for whites which was 192. *Id.* at 936. Note the distinction between preferred and non-preferred minorities: "The beneficiaries of this system are blacks and Mexican Americans, to the detriment of whites and non-preferred minorities." *Id.* at 934.

With "a certain through-the-looking-glass quality," this situation has recently been undergoing a reversion at certain historically and predominantly black schools across the nation, as white students are being given "minority presence" grants to attend these schools under federal or state mandate. Elizabeth Tennyson, *Longtime Black Schools Are Now Luring Whites*, INDIANAPOLIS STAR, Apr. 1, 1996, at A1. In these schools, due to the pursuit of racial diversity, "minority" now means "non-black." "Students fought for desegregation," pointed out Dr. Reginald Wilson, senior scholar at the American Council on Education, "I suppose it comes as a shock to some that the rule applies to black schools as well." *Id.*

170. "[N]or shall any State . . . deny to any person within its jurisdiction the equal protection of the laws." U.S. CONST. amend. XIV, § 1.

171. "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." 42 U.S.C. § 2000d (1994).

172. *Hopwood v. Texas*, 861 F. Supp 551, 568-69 (W.D. Tex. 1994), *rev'd* 78 F.3d 932 (5th Cir. 1996).

achievement of that goal.”¹⁷³

The defendants asserted four goals of the admissions policy as compelling governmental interests, only two of which the court accepted as compelling: “[t]o achieve . . . diversity of background and experience in its student population” and “[t]o assist in redressing . . . decades of educational discrimination . . . in the public school systems of the State of Texas.”¹⁷⁴ The plaintiffs cited *Richmond v. Croson*¹⁷⁵ and the dissents from *Metro Broadcasting v. FCC*¹⁷⁶ for the proposition that the only compelling interest recognized for race-conscious programs is remedying past discrimination. However, the court said, “none of the recent opinions is factually based in the education context and, therefore, none focuses on the unique role of education in our society.”¹⁷⁷ Therefore, the court held that, absent an “explicit statement from the Supreme Court overruling [*Regents of the University of California v. Bakke*],”¹⁷⁸ racial diversity in law school student body was a compelling interest sufficient to support the use of racial classifications. The court went on to uphold also the school’s goal of remedying past discrimination in the broad sense of societal discrimination,¹⁷⁹ but then found that because white and minority applicants were evaluated separately, the admissions process was not narrowly tailored to achieve its goal; it thus violated the Constitution, although the use of racial preferences to further diversity would be acceptable where all applicants are evaluated together.¹⁸⁰ Although Hopwood won the case, in that the admissions process was struck down, the court refused to order the University of Texas to admit the plaintiffs and awarded each plaintiff only one dollar in damages and the right to reapply without paying the standard fifty-dollar fee.¹⁸¹

C. In the Fifth Circuit

Reversing the district court on appeal, the Fifth Circuit, surrounded by “an

173. *Id.* at 569 (quoting *Wygant v. Jackson Bd. of Educ.*, 476 U.S. 267, 274 (1986)).

174. *Id.* at 570.

175. 488 U.S. 469 (1989); *see supra* notes 131-35 and accompanying text.

176. 497 U.S. at 613-15; *see supra* Part III.B.1.

177. *Hopwood*, 861 F. Supp. at 570.

178. *Id.* at 570-71; *see supra* Part II.

179. *Hopwood*, 861 F. Supp. at 571-72; *but see Croson*, 488 U.S. at 499. “Like the claim that discrimination in primary and secondary school justifies a rigid racial preference in medical school admissions, an amorphous claim that there has been past discrimination in a particular industry cannot justify the use of an unyielding racial quota.” *Id.*

180. *Hopwood*, 861 F. Supp. at 578-79. Because the law school had already changed its admissions procedure shortly after the suit was filed, no court order was necessary to effectuate such a change. Of course, later the Fifth Circuit struck down the law school’s new admissions procedure also, because it still discriminated on the basis of race to further diversity. *Hopwood v. Texas*, 78 F.3d 932, 962 (5th Cir. 1996).

181. “‘Basically, he agreed my civil rights were violated, but I get nothing for it,’ Cheryl [Hopwood] said at the time.” Adler, *supra* note 18, at 69.

aura of inevitability,”¹⁸² held that the University of Texas School of Law could not continue to use race as a factor in admissions in order to achieve a diverse student body.¹⁸³ “[A]ny consideration of race or ethnicity by the law school for the purpose of achieving a diverse student body is not a compelling interest under the Fourteenth Amendment.”¹⁸⁴ The court reasoned that “there [had] been no indication from the Supreme Court, other than Justice Powell’s lonely opinion in *Bakke*, that the state’s interest in diversity constitutes a compelling justification for governmental race-based discrimination. Subsequent Supreme Court caselaw strongly suggests, in fact, that it is not.”¹⁸⁵ Indeed, “the Court appears to have decided that there is essentially only one compelling state interest to justify racial classifications: remedying past wrongs.”¹⁸⁶

Diversity among individuals, the court explains, is a proper goal in higher education admissions.¹⁸⁷ But the use of race as a proxy for individual characteristics “treats minorities as a group, rather than as individuals.”¹⁸⁸ “To believe that a person’s race controls his point of view,” the court explains, “is to stereotype him.”¹⁸⁹ Thus, such an approach “simply replicates the very harm that the Fourteenth Amendment was designed to eliminate.”¹⁹⁰ The court quotes

182. Marcia Coyle, *Fifth Circuit Takes Shot at Diversity*, NAT’L L.J., Apr. 8, 1996, at A1.

183. *Hopwood*, 78 F.3d at 962.

184. *Id.* at 944.

185. *Id.* at 945.

186. *Id.* at 944; *see supra* Part III.C.

187. *Hopwood*, 78 F.3d at 946.

A university may properly favor one applicant over another because of his ability to play the cello, make a downfield tackle, or understand chaos theory. An admissions process may also consider an applicant’s home state or relationship to school alumni. Law schools specifically may look at things such as unusual or substantial extracurricular activities in college, which may be atypical factors affecting undergraduate grades. Schools may even consider factors such as whether an applicant’s parents attended college or the applicant’s economic and social background.

Id. The court points out the plaintiff’s own unique background of raising a severely handicapped child. *Id.*

188. *Id.* at 945; *see supra* Part III.B.

189. *Hopwood*, 78 F.3d at 946. “[T]he use of a racial characteristic to establish a presumption that the individual also possesses other, and socially relevant, characteristics, exemplifies, encourages, and legitimizes the mode of thought and behavior that underlies most prejudice and bigotry in modern America.” Richard A. Posner, *The DeFunis case and the Constitutionality of Preferential Treatment of Racial Minorities*, 1974 SUP. CT. REV. 1, 12 (1974). The Supreme Court “has remarked a number of times, in slightly different contexts, that it is incorrect and legally inappropriate to impute to women and minorities ‘a different attitude about such issues as the federal budget, school prayer, voting rights, and foreign relations.’” Michael S. Paulsen, *Reverse Discrimination and Law School Faculty Hiring: The Undiscovered Opinion*, 71 TEX. L. REV. 993, 1000 (1993) (quoting *Roberts v. United States Jaycees*, 468 U.S. 609, 627-28 (1984)).

190. *Hopwood*, 78 F.3d at 946.

Justice O'Connor's dissent in *Metro Broadcasting* for illumination; although "[s]ocial scientists may debate how peoples' thoughts and behavior reflect their background, . . . the Constitution provides that the government may not allocate benefits or burdens among individuals based on the assumption that race or ethnicity determines how they act or think."¹⁹¹

D. Certiorari Denied

Hopwood could have given the Supreme Court a chance to rule on the interest in diversity, at least in the context of higher education admissions.¹⁹² But the Court, on the last day of its 1995-96 term, declined the opportunity to do so.¹⁹³ In an "unusual, brief opinion explaining their interpretation of the court's denial,"¹⁹⁴ Justice Ginsburg, joined by Justice Souter, provided a rare glimpse into the reason certiorari was denied. According to these two Justices, because the 1992 admissions program at issue had long since been discontinued, and because the State of Texas did not defend that program but instead "challenge[d] the rationale relied on by the Court of Appeals," there was no "final judgment on a program genuinely in controversy."¹⁹⁵ "[The Supreme] Court . . . reviews judgments, not opinions."¹⁹⁶

Whether or not the reasoning of Justices Ginsburg and Souter reflects the reasoning of the rest of the Court, in denying certiorari to *Hopwood*, the Supreme Court let the Fifth Circuit ruling stand, which means that racial diversity is not a compelling governmental interest in the Fifth Circuit, composed of Texas, Louisiana, and Mississippi. In those states, at least, it is unconstitutional for any state schools to discriminate or offer preferential treatment on the basis of race among its applicants.

This is the second consecutive case involving affirmative action in the context of higher education to which the Supreme Court has denied certiorari. In 1995, the Court refused to hear the appeal of *Podberesky v. Kirwan*,¹⁹⁷ a Fourth Circuit case which struck down a race-specific University of Maryland scholarship. Thus, race-specific scholarships offered by state-funded schools are unconstitutional in the Fourth Circuit, composed of Maryland, Virginia, West Virginia, North Carolina, and South Carolina. No Justices provided any glimpse into their reasons for denying certiorari in *Podberesky*. Though *Hopwood* and *Podberesky* involve separate constitutional issues, these denials of certiorari to two flagship cases for

191. *Id.* (quoting *Metro Broad., Inc. v. FCC*, 497 U.S. 547, 564-65 (1990), *overruled by* *Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097 (1995)).

192. *See* Coyle, *supra* note 182, at A22.

193. *Texas v. Hopwood*, 116 S. Ct. 2581 (1996) (mem.).

194. *See* Judy Wiessler, *Supreme Court/Anti-affirmative action ruling stands/Supreme Court won't consider UT case*, HOUS. CHRON., July 2, 1996, at 1.

195. *Hopwood*, 116 S. Ct. at 2581.

196. *Id.* (quoting *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 842 (1984)).

197. 38 F.3d 147 (1994), *cert. denied*, 115 S. Ct. 2001 (1995).

both sides of the affirmative action battle¹⁹⁸ leave a disheartening gap of silence in the state of current constitutional law.

VI. A PREDICTION

Admittedly, it is an open question whether the Supreme Court will find that there is a compelling governmental interest in racial diversity.¹⁹⁹ But this does not mean that predictions should not be made. It seems highly likely, from all of the foregoing material in this note, that when the Court does reach this issue, the proposed interest in racial diversity will not be held to be a compelling interest, because of the following reasons.

First, there is no strong precedent. Justice Powell alone backed his proposition in *Bakke* that diversity in higher education is a compelling interest.²⁰⁰ In *Metro Broadcasting*, diversity in broadcasting was held an important interest such as would satisfy an intermediate scrutiny review,²⁰¹ but that classification is moot now that all governmental classifications based on race are subject to strict scrutiny. Also in *Metro Broadcasting*, two dissents comprising four Justices vigorously attacked the idea of an interest in diversity.²⁰² In *Hopwood*, the Fifth Circuit extended this attack specifically to the context of higher education.

Second, in affirmative action cases the focus has been almost exclusively on remedying past discrimination.²⁰³ Furthermore, *Croson* and the dissents in *Metro Broadcasting* point to remedying past discrimination as the only compelling interest recognized in modern equal protection doctrine.²⁰⁴ Beyond *Bakke* and *Metro Broadcasting*, only one concurring and two dissenting opinions by Justice Stevens²⁰⁵ blatantly look beyond remedying past discrimination for compelling interests.²⁰⁶

Finally, the current composition of the Supreme Court and its recent hostility to affirmative action programs militate against a decision that diversity is a compelling interest.²⁰⁷ A possible vote strictly on the issue of racial diversity would be five-to-four against its status as a compelling interest, with Chief Justice Rehnquist and Justices O'Connor, Scalia, Kennedy, and Thomas in the majority and Justices Stevens, Souter, Ginsburg, and Breyer dissenting.²⁰⁸

198. See Ken Myers, *Cert Denial of Scholarship Case Leaves Some Officials Wondering*, NAT'L L.J., June 12, 1995, at A13; Coyle, *supra* note 182, at A22.

199. Coyle, *supra* note 182, at A22.

200. See *supra* Part II.

201. See *supra* Part III.A.

202. See *supra* Part III.B.

203. See *supra* Part III.C.

204. See *supra* notes 132-37 and accompanying text.

205. Justice Ginsburg joined one of the dissents.

206. See *supra* notes 135, 138, 142 and accompanying text.

207. See *supra* Part IV.

208. See *supra* Part IV.A. Professor Paul D. Gewirtz of Yale Law School believes it probable that a rough count of Supreme Court votes as the court is presently composed would show a

CONCLUSION

The atmosphere has changed for affirmative action now that all governmental classifications based on race, and thus all affirmative action programs, are subject to strict scrutiny. The necessity of a compelling interest for surviving strict scrutiny is an imperative consideration in defending affirmative action from constitutional attack. Though some precedent supports racial diversity as a compelling interest, there is more support for excluding it from that category, such as the *Metro Broadcasting* dissents and more recent cases. Only remedying past discrimination has become a compelling interest with a strong line of precedent in affirmative action cases. Furthermore, the current Supreme Court's marked tendency to limit affirmative action whenever possible leaves little chance for a holding that racial diversity is a compelling interest, should the appropriate opportunity for such a decision present itself to the Court.²⁰⁹

Perhaps then, it is time to regard more literally the values of equality codified in the Civil Rights Act of 1964: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."²¹⁰

majority declining to endorse diversity as an affirmative action rationale, except possibly in the education arena, which of course is exactly the arena where it is most strongly proposed as such a rationale. See Coyle, *supra* note 182, at A22.

209. The Supreme Court recently accepted this opportunity. *Taxman v. Board of Educ.*, 91 F.3d 1547 (3d Cir. 1996), *cert. granted*, 65 U.S.L.W. 3354 (U.S. June 27, 1997) (No. 96-679).

210. 42 U.S.C. § 2000d (1994).

MANDATORY APPOINTMENT OF GUARDIANS AD LITEM FOR CHILDREN IN DISSOLUTION PROCEEDINGS: AN IMPORTANT STEP TOWARDS LOW-IMPACT DIVORCE

CANDICE M. MURPHY-FARMER*

INTRODUCTION

It is a truism that society wishes to protect its children. However, when children become entangled in legal proceedings, the need to protect them takes on strange dimensions. Although we understand the basics of child care, such as food, shelter, love, understanding, discipline, and education, we seem to fall short on recognizing how to protect the interests of a child caught in a domestic legal dispute. This is primarily because the individuals previously responsible for protecting the child are now in dispute with each other.

At first, one might think that our lack of attention to children in the legal environment is due to the belief that they are not normally involved in legal proceedings. However, this is far from reality. Divorce involves countless children in the legal process every year. In fact, “[a]bout forty-five percent of all children born in the 1980s will experience parental divorce, thirty-five percent will experience parental remarriage, and twenty percent will experience redivorce.”¹ Given the number of children affected by divorce and the natural desire to protect our children from harm, it seems that there should be a structure within which children would be regularly monitored and represented in the divorce process. But today, apart from random appointment of representatives only when obvious problems surface, there is no such structure.²

The undeniable impact that dissolution of the family has on children is a strong justification for protecting a child’s welfare and interests. One means of focusing on the child’s perspective is to have the court appoint a guardian ad litem (GAL)³ to represent children whose parents undergo divorce. By understanding

* J.D. Candidate, 1997, Indiana University School of Law—Indianapolis; B.A., 1991, University of Mississippi. The author would like to thank Derelle Watson-Duvall and June Starr for their support and guidance in the preparation of this Note.

1. Dora Sybella Vivaz, Note, *Balancing Children’s Rights into the Divorce Decision*, 13 VT. L. REV. 531, 532 (1989).

2. See Howard A. Davidson, *The Child’s Right To Be Heard and Represented in Judicial Proceedings*, 18 PEPP. L. REV. 255 (1991).

Only a few states require a court to appoint counsel or a guardian ad litem for the child in a custody or visitation case, even when one parent accuses the other of child abuse. It is clear, however, that judges always have discretion, even if rarely exercised, to appoint legal counsel or a guardian ad litem for the child. However, appellate courts may still find that the trial court abused its discretion by failing to appoint separate representation for the child.

Id. at 269-70. For examples of statutes regarding appointment of guardians ad litem, see *infra* note 7.

3. “‘Ad litem’ is a Latin term meaning ‘for the suit.’ Guardian ad litem (GAL) is a legal

the child's often unique perspective, it might become possible to prevent undue harm and reduce the negative impact that divorce will inevitably have on the child. This appointment should be made at the beginning of the process in order to assure complete representation.

The evolution of appointment of GALs for children began with juvenile proceedings and then progressed to child abuse and neglect cases.⁴ Currently, appointment of a representative is required in some states when abuse and neglect has been alleged, for paternity actions, and for termination of parental rights.⁵ However, divorce remains the most common legal proceeding that children will be exposed to during their childhood.⁶

Although it is established law in most states that courts have the discretion to appoint a GAL to protect the interest of minors in a dissolution proceeding,⁷ especially when a custody dispute has developed,⁸ there is a substantial need to

term referring to someone appointed by the court to protect the interests of an incompetent person." William Halikias, *Divorce and Child Advocacy*, VT. B. J. & L. DIG., Feb. 1994, at 17, 17.

4. *Id.*

5. See Davidson, *supra* note 2, at 268.

By statute in almost every state, children in civil child protective proceedings initiated by the state or county (child abuse and neglect cases) have a right to have a representative appointed by the court to independently protect their interests in the litigation. A primary impetus for such laws was not a Supreme Court decision, but rather the 1974 Federal Child Abuse Prevention and Treatment Act.

Id. "Under the Uniform Parentage Act (UPA), which has been adopted in only a few states, a child must be made a party to a paternity action." *Id.* at 271. "Similarly, section 60 of a recent draft of a proposed Uniform Adoption Act makes appointment of an attorney or guardian ad litem for the child merely discretionary, both in agency placement as well as independent adoptions." *Id.* at 273.

6. See Vivaz, *supra* note 1.

7. Samples of statutes allowing the court to appoint a GAL or an attorney include the following: ALASKA STAT. § 25.24.310(a), (c) (1996); 750 ILL. COMP. STAT. ANN. 5/506 (West Supp. 1997); IND. CODE § 31-1-11.5-28(c), (e) (Supp. 1996); MICH. COMP. LAWS ANN. § 722.27(1)(e) (West Supp. 1997). Statutes specifically allowing courts to appoint a GAL include: FLA. STAT. ANN. § 61.401 (West Supp. 1997); HAW. REV. STAT. ANN. § 571-46(8) (Michie 1997); KY. REV. STAT. ANN. § 403.090(3) (Michie Supp. 1996); MASS. GEN. LAWS ANN. ch. 215, § 56A (West 1989).

8. "Under current law, in most states courts generally have authority to appoint representatives for children in court proceedings. Yet there are few consistent standards when such guardians should be appointed or what their roles are when appointed." *Matrimonial Lawyers Provide Guidance When Children Assert Rights in Divorce*, WIS. LAW., Feb. 9, 1995, at 9, 9 [hereinafter *Matrimonial Lawyers*]. Katherine H. Federle, *Looking for Rights in All the Wrong Places: Resolving Custody Disputes in Divorce Proceedings*, 15 CARDOZO L. REV. 1523, 1553-54 (1994).

Eleven states, including one pursuant to a court rule, permit the appointment of either an attorney or a guardian *ad litem*. Nine states permit the court to appoint a guardian *ad litem*. Of those states that allow appointment of a guardian *ad litem*, five require that the guardian be an attorney.

consider making this practice mandatory.⁹

Although the idea of mandatory appointment of GALs in divorce proceedings may seem extreme and full of practical problems, the need for such representation of children outweighs any potential costs of routine appointment. Part I of this Note illustrates this need, which not only encompasses the protection of children from the conflict of the proceeding itself, but the protection of the child's economic and family interests affected by the dissolution.

Part II discusses the legal hurdles that must be cleared to support such a requirement, including the rights of parents to make decisions concerning their children. This section will suggest a way to avoid the obstacle completely by basing the argument less on the state's right to intervene and more on the child's rights to certain fundamental familial associations and needs.

Part III proposes a defined role for the GAL which centers around providing more objective information to the courts so that decisions may be more accurate and thoughtful. It also illustrates why the traditional role of a GAL is more suitable as the child's representative, as opposed to the standard attorney role.¹⁰ Part IV suggests ways to address the practical issues of appointing a GAL, including costs and training.

I. THE NEED FOR REPRESENTATION

The bottom line in the argument for representation of children in divorce is simply that decisions are made in these proceedings that greatly impact the child's life.¹¹ Decisions are being made about "their living arrangements, future access

Id. (citations omitted). "Discretionary appointments are occasionally made when an appointment proceeding is contested." Davidson, *supra* note 2, at 273. *Accord* Halikias, *supra* note 3, at 17.

In 1971, the Wisconsin Supreme Court created a statutory law mandating the use of GALs for children in contested divorce cases.

Following the Wisconsin example . . . was New Hampshire in 1979. By 1988, judges in 19 other states had statutory authority to appoint GALs. In addition, the Uniform Marriage and Divorce Act permitted a judge to appoint GALs for children in contested divorce cases, and the use of advocates for children in divorce has steadily increased.

Id. "The current version of the Uniform [Marriage and Divorce] Act provides for the permissive appointment by the court of an attorney to represent the interests of a child in divorce." William D. Horn, *Mandating Appointment of an Attorney for Children in Divorce*, 27 FAM. L.Q. 473, 474 (1993).

9. "Finally, while statutes mandating the appointment of a guardian ad litem in contested custody cases broaden the scope of mandatory representation, they do not recognize the value of representation for the child during the pretrial stage of a divorce nor do they accord the child with a right to legal counsel." Federle, *supra* note 8, at 1553.

10. "There is little consensus among the states as to whether the child should have an attorney or a guardian ad litem and what the individual's role should be." *Id.*

11. See Wendy A. Fitzgerald, *Maturity, Difference, and Mystery: Children's Perspectives and the Law*, 36 ARIZ. L. REV. 11, 51 (1994).

to parents, grandparents, friends, and others, as well as their religion and primary through college education.”¹² One of the most fundamental principles in the legal system is that when a person has an interest in the outcome of a legal proceeding, he has a right to representation.¹³

This is not to suggest that children are not afforded an opportunity to be heard in courtrooms. There are examples where courts have clearly recognized a child’s interest in an action and permitted the child to intervene.¹⁴ In the case, *In re Marriage of Vucic*, the court held that the trial court erred because it did not appoint a GAL for a child (the husband’s son by another woman) who held title to property being disposed of in the divorce.¹⁵ The court noted the rule that the “court has a sua sponte duty to join [a] party whose property interest will be affected by the proceedings where such is brought to the court’s attention.”¹⁶ Although it has been recognized that children may have an affected interest in legal proceedings, this theory is not routinely applied to divorce.

Perhaps this is because there is a presumption, although clearly rebuttable, that the parents will be protecting the child’s interests in a divorce. The problem with this concept is that, in the heated battle of divorce, parents do not often make rational decisions and are sometimes focused on “winning” and even exacting revenge.¹⁷ There are numerous situations that can quickly make the child and

From a child’s perspective of dependency and family belonging, the legal issues of child support and custody bear most profoundly on childhood. . . . Indeed half of all children whose parents are now married will likely experience the upheaval of their parents’ divorce at some point in childhood, an event threatening not only their economic security, but also the family’s ability to sustain family bonds.

Id.

12. Horn, *supra* note 8, at 473.

13. Hillary Rodham Clinton has asserted:

[T]he presumption of identity of interests between parents and their children should be rejected whenever the child has interests demonstrably independent of those of his parents (as determined by the *consequences* to both of the acts in question), and a competent child should be permitted to assert his or her own interests.

Jonathan O. Hafen, *Children’s Rights and Legal Representation—The Proper Roles of Children, Parents, and Attorneys*, 7 NOTRE DAME J.L. ETHICS & PUB. POL’Y 423, 433-34 (1993) (quoting Hillary Rodham, *Children Under the Law*, 43 HARV. EDUC. REV. 487, 507 (1973)). Cf. *Martin v. Wilks*, 490 U.S. 755, 761 (“All agree that ‘[i]t is a principle of general application in Anglo-American jurisprudence that one is not bound by a judgment in personam in a litigation in which he is not designated as a party or to which he has not been made a party by service of process.’”) (internal citations omitted).

14. See *English v. Miller*, 370 So. 2d 968, 968 (Ala. 1979) (children’s potential interest in an uncle’s bank accounts made them indispensable parties to the action); *J.A.R. v. Maricopa Superior Court*, 877 P.2d 1323 (Ariz. Ct. App. 1994).

15. 576 N.E.2d 406, 412 (Ill. App. Ct. 1991).

16. *Id.*

17. See Horn, *supra* note 8, at 477 (suggesting that an advocate for the child would be advantageous when the parents’ preoccupation with their own anger distracts them from the child’s

parents' interests diverge. For example, one spouse may prolong litigation in order to punish the other spouse, or one spouse may allege that the child is not a child of the marriage. Clearly, it is not in the child's interest to have the two parents she loves battling in court for months or even years. Although there are certainly many parents who are able to adapt their parenting to a divorce situation, even the best parents with the best intentions can find their judgment compromised in the midst of emotional turmoil.

Even the attorney for the parents may not always be in a position to consider the child's needs. "In most states the attorneys for the parents owe no duty to the children, except as third parties. This means that where the parents' and the children's interests are not identical, the attorneys for the parents must advocate for the parents' and not the children's interest."¹⁸

Courts have also recognized that in some situations, a child's interests in a legal proceeding may be separable from those of the child's parents.¹⁹ The Indiana Court of Appeals, discussing that children are, by state statute, necessary parties to a paternity action,²⁰ noted that the interests of the child are not necessarily the same as those of a mother bringing such an action, and that child support issues as well as other rights of the child are "of constitutional dimensions and are entitled to protection under the equal protection clause of the United States Constitution."²¹ One court has suggested that even siblings may have different

interests). "[P]arents also lose sight of the separable interests of their children during a divorce; for this additional reason, assuming that children do not need independent representation has profoundly negative consequences." Federle, *supra* note 8, at 1558. See also Verrocchio v. Verrocchio, 429 S.E.2d 482 (Va. Ct. App. 1993).

The established practice is that a guardian ad litem may be appointed after a trial judge makes a preliminary finding that the best interests of the child require such an appointment. This practice is necessitated by the reality that the interests of a parent in a volatile custody dispute are not always consistent with those of the child.

Id. at 484.

18. Horn, *supra* note 8, at 479. See also Person v. Behnke, 611 N.E.2d 1350, 1355 (Ill. App. Ct. 1993) ("[L]awyers in a divorce proceeding owe a duty to their clients—the parents—not the children of their clients.") (emphasis added); Lamare v. Basbanes, 636 N.E.2d 218, 218-20 (Mass. 1994) (holding that parent's attorney owes no duty to the children).

19. See generally Ford v. Ford, 216 N.W.2d 176 (Neb. 1974).

20. IND. CODE § 31-6-6.1-2(c) (Supp. 1996).

21. Kieler v. C.A.T., 616 N.E.2d 34, 38 (Ind. Ct. App. 1993). See Davidson, *supra* note 2. In Mills v. Habluetzel, Justice O'Connor identified a rationale for making the child a party to a paternity action and providing the child with independent representation. She noted that a mother may decide to bring a paternity action because of motives unrelated to the child's best interests, such as the mother's desire to maintain a cordial relationship with the father.

Id. at 272. See also *In re Paternity of H.J.F.*, 634 N.E.2d 551, 553 (Ind. Ct. App. 1994) (holding that the judgment in a paternity action was void because the child was not joined as a party stating: "Our law recognizes that in a paternity action, the child's interests are not necessarily the same as the parents' or of the State. . . . The protection of those interests demands the joining of the child

interests in a proceeding.²²

One disturbing example of the parents' interests standing in contradiction to their children's interests is the "custody trade." These trades are bargains where one spouse tells the other to "give me a good financial settlement, or else I will litigate custody."²³ Such trading of custody for money has both economic and psychological consequences for the child. When the threatened spouse succumbs to such a threat, the result is often an inadequate property settlement or support "to avoid the risk, pain, cost, and delay of litigation."²⁴ Such threats may also increase the animosity between the spouses which will almost certainly adversely affect the child.

Although the prevalence of this practice is not entirely known, one survey indicated that these practices are "widespread."²⁵ Increasing third party involvement by appointment of a GAL might prevent some of this "trading."²⁶ If a third party or other mediator is involved, "parents might hesitate to threaten litigation or to link custody with financial terms out of fear that a mediator will discover the tactic and report it to a judge."²⁷ Appointment of a GAL might reduce the likelihood that children will be treated as "bargaining chips."²⁸

After recognizing that a child clearly has interests in a divorce proceeding that may not always be represented by her parents, it becomes important to discuss the nature of those interests and the risks to children when they are not protected. A child's interests in a divorce fall into two general categories: economic and psychological.

From an economic standpoint, children are among the poorest group in the country,²⁹ and after divorce their financial situations often deteriorate.³⁰ According to statistics, "about thirty-five percent of the children of divorce live in poverty. A large percentage live near poverty and, in almost all cases, children live more poorly after divorce."³¹ And the economic effects of divorce are not equally distributed among the family members:

as a necessary party." Cf. *K.S. v. R.S.*, 669 N.E.2d 399, 405 (Ind. 1996) (allowing child to relitigate paternity where child was not made a party to paternity proceeding).

22. See *Montigny v. Montigny*, 233 N.W.2d 463, 468 (Wis. 1975).

23. Scott Altman, *Lurking in the Shadow*, 68 S. CAL. L. REV. 493, 494 (1995).

24. *Id.*

25. *Id.* at 499.

26. *Id.* at 520.

27. *Id.* at 507.

28. Federle, *supra* note 8, at 1563.

29. "Children are the poorest group in the United States. Nearly one-fourth of all preschool children, almost one-half of black children, and over half of the children living in female-headed households will experience childhood poverty." Joan C. Williams, *Married Women and Property*, 1 VA. J. SOC. POL'Y & L. 383, 384 (1994).

30. One study reported that "wives and children were twelve times as likely to be on welfare if they experienced separation or divorce." JUDITH AREEN, *CASES AND MATERIALS ON FAMILY LAW* 711 (3d ed. 1992).

31. Vivaz, *supra* note 1, at 535.

While the standard of living for men increases by over forty percent after divorce, the standard of living for women and children decreases by over seventy percent. . . . For children, as well as for their mothers, divorce may be an economic catastrophe. In contrast, for the fathers of divorce it can be a windfall.³²

It appears that somewhere in the divorce proceeding, financial issues are sometimes resolved in a manner that produces unfavorable economic conditions for the child. An example is the observation that child care costs alone can consume most of the child support awards.³³

Aside from a financial loss, children are faced with a conflict even more devastating to them: the severance of family bonds. There are certain to be psychological consequences from interference with relationships with parents, siblings, extended family members, neighbors, and friends.³⁴ Permanency in a child's life is important,³⁵ and divorce interrupts permanency. There is even evidence to suggest that clinical depression is prevalent in children who have experienced divorce.³⁶

Although one may argue that no childhood is perfect and that the exposure of children to divorce is even becoming the norm in society, there still exists a duty to lessen the impact that divorce has on children.³⁷ By appointing a GAL for the child, it may be possible to prevent the trading of custody for financial support that often leaves the custodial parent and the child economically disadvantaged. The GAL might also be able to remind the court of the child's financial needs as the court decides support issues and division of property. A GAL can help protect the child from emotional harm by encouraging the court to move quickly, keeping the child informed, and reducing fear and anxiety by helping her to understand what is happening—something that even parents may not be able to do if unfamiliar with the process themselves.

Some have questioned the need for representation of children in divorce, stating, for example, that “[g]enerally, both parents are fit to raise the child; indeed, few other legal decisions are as certain to be decided with so small a risk of seriously damaging the child.”³⁸ In addition, the American Academy of

32. *Id.* at 536-37.

33. *Id.* at 535-36.

34. *See* Fitzgerald, *supra* note 11, at 52.

35. *See* Kathryn E. Stryker & Gregory G. Gordon, *Representing Children*, NEV. LAW., Oct. 1995, at 12, 14.

36. *See* Vivaz, *supra* note 1, at 533.

37. *See* Halikias, *supra* note 3.

Clinicians in the 70s and early 80s published in law journals and books the premise that children in divorce were irreparably harmed. . . . As the sheer number of these children increased, divorce became normalized and children's reactions less extreme. However, legal professionals are primarily aware of the divorce-as-disaster assumption.

Id. at 17.

38. Martin Guggenheim, *The Right to Be Represented But Not Heard: Reflections on Legal*

Matrimonial Lawyers recently approved guidelines to help courts decide when representation for children is appropriate and what those representatives should do.³⁹ These guidelines state that children in divorce, custody, or visitation proceedings should not be represented unless requested by both parents or there is a "special need."⁴⁰ The underlying problem with these viewpoints is the assumption that there is no risk of harm to a child in these decisions or that a judge will be able to recognize a "special need."⁴¹ This position misses the point: how will the court be able to detect when there is a "special need" or a potential for harm unless someone provides the court with objective information about the child's situation?⁴² Consider this author's statement:

A judge who is a wise man can certainly formulate a conclusion about many of [the facts] from observation of parties in the light of the full factual report. But there is serious doubt whether observations can be fair and effective where, without further aids, it consists solely of impressions in the unnatural atmosphere of a courtroom, during the course of contentious proceedings in the outcome of which the parties have an almost violent interest. . . . [Lawyers and judges] should . . . have the benefit of investigations by persons who, because they do have the requisite knowledge, will be able to appreciate and search out those facts.⁴³

Another justification for representation is that it will aid in the application of

Representation for Children, 59 N.Y.U. L. REV. 76, 122 (1984).

39. See *Matrimonial Lawyers*, *supra* note 8, at 9.

40. *Id.*

41. "Children who appear in court need effective representation. No longer can we rely upon the good will of other litigants, the support of parents, or judicial oversight to ensure that children are adequately represented in our court system." Leonard P. Edwards, *A Comprehensive Approach to the Representation of Children: The Child Advocacy Coordinating Council*, 27 FAM. L.Q. 417, 431 (1993).

42. See Jinanne S. J. Elder, *The Role of Counsel for Children: A Proposal for Addressing a Troubling Question*, BOSTON B.J., Jan.-Feb. 1991, at 6, 9.

Because [the judicial-social welfare] system is often dysfunctional, placement decisions are often based on institutional constraints and personal biases rather than on a true perception of the needs of the child. A lawyer who defines and serves as the proponent for each child's unique perspective necessarily challenges the system and increases the opportunity for it to respond to and serve the interests and needs of the children before it.

Id. Some note that it may be asking too much of judges to "assess the abilities of the parents at a time of significant stress and reach a conclusion about who will better serve the child's interests." Federle, *supra* note 8, at 1541.

43. Robert J. Levy, *Custody Investigations as Evidence in Divorce Cases*, 21 FAM. L.Q. 149, 152 (1987) (quoting Gellhorn, *Children and Families in the Courts of New York City*, in NEW YORK CITY BAR ASS'N, SPECIAL COMMITTEE REPORT 310-11, 314 (1954)).

the ever-evasive “best interests” standard used to make decisions about children.⁴⁴ Some criticize the “best interests” standard as indeterminate and claim that it “invite[s] the subjective bias of the particular court adjudicating the standard.”⁴⁵ Using a GAL, a more neutral source of information than the parents and their attorneys, offers a way to eliminate some of the unintentional bias that creeps into judicial decision-making.⁴⁶ Thus, by appointing a representative for a child, it becomes easier for the court to more accurately understand the child’s needs and make already tough decisions more enlightened.

There are certainly many good parents who will work together through the divorce process to protect their child. However, we cannot always predict how previously reasonable people will react in situations of significant emotional stress.⁴⁷ Divorce has been ranked very high on the scale of life stresses⁴⁸ and can temporarily impair the judgment of rational adults. By appointing a GAL for a child, it becomes possible to keep the parents focused on their child’s needs. We need to send a message to the courts and divorcing couples that when children are involved, they are not only dissolving a marriage, but restructuring a family.

II. LEGAL HURDLES OF THE APPOINTMENT OF A GAL

The fear immediately evoked by suggesting appointment of a representative for each child is that such a representative will trample upon the privacy rights of the family and may interfere with the right to raise one’s children.⁴⁹ However, the

44. For a discussion of the “best interests” standard, see *Ex Parte Devine*, 398 So. 2d 686 (Ala. 1981) (rejecting “tender years” presumption, which favors giving custody to the mother for young children, and replaced it with a “best interests” determination, which requires the court to consider a number of factors).

45. Fitzgerald, *supra* note 11, at 61.

46. “Decisions rendered in this system are only as good as the information upon which they are based, and under-represented parties, whose cases are not adequately pled, cannot expect to obtain justice. . . . Children have a right to be healthy and safe.” Marvin R. Ventrell, *Rights & Duties: An Overview of the Attorney-Child Client Relationship*, 26 LOY. U. CHI. L.J. 259, 282 (1995).

47. See *Bahr v. Galonski*, 257 N.W.2d 869, 874 (Wis. 1977).

The requirement that the children have independent representation does not in any way suggest that the parents or the trial court were unmindful of the children’s welfare. Rather, it reflects the conviction that the children are best served by the presence of a vigorous advocate free to investigate, consult with them at length, marshal evidence, and to subpoena and cross-examine witnesses. The judge cannot play this role. Properly understood, therefore, the guardian *ad litem* does not usurp the judge’s function; he aids it.

Id.

48. Divorce is ranked number two (second only to “Death of Spouse”) on a list of significant life events that can have an impact on one’s susceptibility to illness. DENNIS COON, INTRODUCTION TO PSYCHOLOGY: EXPLORATION AND APPLICATION 344 (4th ed. 1986).

49. For cases that define these family privacy rights, see *Roe v. Wade*, 410 U.S. 113 (1973)

justification for appointment of a GAL is grounded in protection of a child's rights. By strictly defining and limiting the GAL's role in divorce proceedings, these family privacy concerns can be adequately addressed. Constitutional questions, although always deserving of utmost attention, should not stand in the way of promoting protection of the large population of children who are affected by divorce.

The basis for a state's interference with parenting decisions is the doctrine of *parens patriae*,⁵⁰ which allows the state to intervene to protect those who cannot protect themselves.⁵¹ Traditionally, the states have avoided intervening in child-parent relationships unless there is some showing of unfitness of the parents, such as abuse or neglect.⁵² Some scholars assert that by allowing a representative to represent a child's (or her own) wishes contrary to the parent's wishes, a parent's rights are infringed absent this finding of unfitness.⁵³ Others assert that interference with custody decisions in a divorce lacks constitutional grounds because, for example, states do not get involved in intact marriage decisions or in

(right of a woman to terminate pregnancy in the first trimester); *Griswold v. Connecticut*, 381 U.S. 479 (1965) (right of married couples to use birth control); *Pierce v. Society of Sisters*, 268 U.S. 510 (1925) (parents have the right to make decisions about the education of their children). *See also* *M.L.B. v. S.L.J.*, 117 S. Ct. 555, 564 (1996) ("Choices about marriage, family, and the *upbringing of children* are among associational rights this Court has ranked as of basic importance to our society, . . . rights sheltered by the Fourteenth Amendment against the State's unwarranted usurpation, disregard, or disrespect.") (citations and internal quotation marks omitted) (emphasis added).

50. *Parens patriae* literally means "parent of the country" and refers to the role of the state as guardian of those who are under legal disability. *BLACK'S LAW DICTIONARY* 1114 (6th ed. 1990).

51. *See Vivaz, supra* note 1, at 550.

When intervention becomes necessary, the state derives its power from one of two sources. First, it may act through its police power to prevent harm to its citizens or to promote the public welfare. Second, it may act through its *parens patriae* power to protect individuals who lack the capacity to act for themselves. When acting through its *parens patriae* power, the state may reach further than would be permissible under its police power, but it must always act in the best interests of the child and may not attempt police power objectives which would conflict with her welfare.

Id.

52. *Id.* at 546.

Increasingly, the state has assumed power to intervene when necessary to protect or promote the welfare of those without capacity to act in their own best interests. Because the state recognizes that children do not belong solely to the state, however, it will not intervene unless the child's parents are somehow unfit, unable, or unwilling to discharge their responsibilities adequately. Thus, the state generally reserves intervention for cases of gross deviation such as serious child abuse or juvenile delinquency.

Id.

53. *Id.* at 546-47.

custody decisions made between parents who never married.⁵⁴

But to argue that a married couple has a right to have a court grant a divorce but also that the court does not have a right to take steps to insure that the children's interests are guarded seems disingenuous. In divorce, parents have chosen to submit their affairs to the court for a dissolution in which the court is required to make a custody determination. Even if the parents come to a custody agreement and property settlement on their own, the court must approve it. Because the parents have placed the issues before the court, they have temporarily waived some of their rights with respect to their children.

Perhaps a better argument, though, lies in a different perspective. Why should the rights of the child be subordinated to the parents' rights? "Initially parents at least chose each other of their own free will and chose to dissolve the relationship. The child, however, had no such choice in selecting a family or in the decision of the parents to divorce."⁵⁵ There should be a set of basic rights that a child possesses, separate from the parents,⁵⁶ that would require protection when her family is being dissolved.⁵⁷ If such rights were recognized, then the appointment of a representative for the child would be viewed as supporting the child's rights rather than interfering with the rights of the parents.⁵⁸ So a clear argument for appointing a GAL to represent the child's interests can be found in the recognition that a child has definable rights, separate from her parents', that should be constitutionally protected.⁵⁹

Although children's rights are hardly solidified in the relatively immature field of "pediatric law," there is a definite trend in this direction that gains momentum daily. "Legal scholars argued that children have, or ought to have, rights and interests that are protected when parents divorce. These interests include the child's happiness, property, and financial interests."⁶⁰ In addition, "Article 12 of the United Nations Convention on the Rights of the Child addresses the right of children to have their voices heard, with the assistance of effective legal counsel, in all judicial procedures or administrative hearings affecting them."⁶¹

It is relatively easy to fashion a basic set of rights for a child deserving of protection. Consider the following list representing the basic needs of a child:

54. See Fitzgerald, *supra* note 11, at 53-54. But states do become involved when children's interests are being litigated in paternity and adoption actions. See *supra* note 5.

55. Horn, *supra* note 8, at 474.

56. "From the first books on law relating to children until the recent past, commentators focused not on children, but on the rights of adults with respect to their children." Ventrell, *supra* note 46, at 261.

57. See generally Fitzgerald, *supra* note 11 (arguing for a theory of "family estates" to protect the interests of children in divorce).

58. "A parent wishing to free himself from a marriage can unilaterally deprive a child of familial association as it was known to her and can reduce her standard of living by as much as seventy percent—without her consent or her chance to contest." Vivaz, *supra* note 1, at 531-32.

59. See *supra* notes 46, 56 and accompanying text.

60. Halikias, *supra* note 3, at 17.

61. Davidson, *supra* note 2, at 255.

1. Provision of basic needs—food, clothing, shelter, medical care, preventative medical care, and education
2. Provision and maintenance of nurturance, stability and continuity—promotes emotional growth and development.
3. Freedom from abuse or neglect.
4. Maintenance of the family—maintaining the family unit or at least family ties with parents, siblings and non-biological caretakers.⁶²

This list could easily be construed as a child's basic "rights." Most of these fundamental needs will be tangentially, maybe even profoundly, affected by a divorce.

The advantages of defining and protecting a child's rights in divorce are numerous. First, the highly criticized best interests standard would be less indeterminate and subjective if grounded in articulated rights; it will provide judges with a rule of decision.⁶³ "Rights demand the attention and respect of judges and provide grounds for decisions by mandating certain outcomes in specific cases; in this sense, rights limit the court's responsibility by articulating justifications for judicial decisions."⁶⁴ Defined rights will also assist in the definition of the role of the GAL.⁶⁵ This will help prevent problems in the area of family privacy by limiting the scope of the GAL's investigations.

Others have articulated benefits of recognizing the rights of a child in the divorce process:

Under a strong version of rights . . . hearing a child's voice and giving her input would mean more than simply permitting her participation in the process; it would also signify that any negotiated settlement would be approved and accepted by the child. . . Giving the child the power of full participation in the divorce process would . . . reduce animosity between the spouses who would need to confront effects of their behavior on the child. At the very least, this greatly reduces the risk that the child would become an emotional football.⁶⁶

Beyond recognizing a child as a being with basic human rights that deserve protection, another theory exists to justify increased involvement of children in the divorce process. The idea of a "family estate" has been proposed as a means of recognizing the value that a child brings to a family.⁶⁷ Such a theory would give

62. Elder, *supra* note 42, at 8-9.

63. Federle, *supra* note 8, at 1540.

64. *Id.* at 1543.

65. *Id.* at 1551.

66. *Id.* at 1563.

67. See generally Fitzgerald, *supra* note 11.

the child an actual interest in the property distribution in a dissolution.⁶⁸ This idea is not completely new in that there once existed a historical property concept of the “family wage” which suggested that the husband’s wage “belonged” to the family.⁶⁹ By recognizing that a child brings love and other benefits to the family,⁷⁰ one can more firmly argue that a child’s interests in the dissolution should be recognized and guarded.

Thus, the constitutional hurdle of interference with parental rights can be overcome by arguing that the state has a compelling interest in protecting a child’s rights under the *parens patriae* doctrine, especially considering the large number of children who are affected by divorce each year. Moreover, one could argue that parents have temporarily waived some of their rights by seeking a dissolution.

There is still room for argument against appointment of a GAL for every divorce, however. In an amicable divorce, devoid of hostility between parents, one could reasonably argue that the state has no right to appoint a representative for the child.⁷¹ First and foremost, it is circular to argue that a GAL should only be appointed if there is a problem, when the GAL’s primary function, under the suggested proposal, would be to determine if a problem exists. If a GAL clearly recognizes that parents are working together well, respecting the child’s interests, and protecting the child from the conflict of divorce, then the GAL’s role would be minimal. But without the appointment of such a representative from the beginning, there is no adequate way for the court to detect a problem. A parent’s rights will not be interfered with unless there is a showing that there is a need to do so.

A remaining legal issue that requires attention is the problem with the potential interference of family privacy by a GAL, especially when the parents have agreed on custody and are settling the divorce matters privately. The argument is that to allow these types of investigations is to say that the child’s best interests outweigh the parents’ privacy rights. One author has suggested that:

The Investigator’s job. . . is to ferret out relevant information. And since under the best interests test virtually everything may be relevant,

68. See *id.* at 100.

What if the law accorded children recognition of their non-financial contributions to the family? Envision a law defining a “family estate” as all property acquired since formation of the family. Upon severance of the parents’ bond—the divorce, for example, of married parents—all family members would be entitled to an equal share in the distribution of the family estate. . . . The custodial parent would receive the child’s share in trust for the benefit of the child, just as custodial parents would receive child support payments.

Id.

69. Williams, *supra* note 29, at 403.

70. See Fitzgerald, *supra* note 11, at 101.

71. Some argue that because parents already enjoy a high degree of control over decisions that affect their children in an intact marriage (or for example in a legal separation) they should have no less control if they are seeking a divorce. See Guggenheim, *supra* note 38, at 119-20.

appointment of an Investigator to represent the child means that very little may be left of the parents' interest in privacy. Thus, in the guise of attorney for the child, the state may be able to discover the parents' most deeply-held secrets. Regardless of the value of the information discovered and brought to light, parents who go to court to resolve custody disputes should have the right to keep certain matters out of the controversy.⁷²

Although a parent's privacy rights should be respected, there are situations that warrant interference with this right to protect the child. Part of the fear of appointing GALs stems from having no standard for the role and function of the GAL. One way to prevent overly intrusive and unnecessary prying on the part of the GAL is to strictly define the role of the GAL. The next sections will address the role of the GAL in divorce.

III. DEFINING THE GAL'S ROLE

By setting a strict standard for the role of the GAL in divorce proceedings, one accomplishes two equally important objectives. First, it assures that the GAL is functional and efficient by having her focus on relevant tasks. Secondly, by placing clear boundaries on the scope of the GAL's powers, the parents' due process and privacy rights are protected.

A. *Confusion About the GAL's Role*

Examining the current use and responsibilities of guardians ad litem in the court system reveals a myriad of assigned responsibilities. The wide variety of roles held by GALs in the court system⁷³ has caused much role confusion and contributes to the uneasiness about appointing them in new contexts. The traditional definition of a GAL is "someone appointed by the court to protect the interests of an incompetent person."⁷⁴ The GAL does not necessarily represent the wishes of the charge but presents the court with a recommendation of what is in the charge's best interests.

There are many hats currently worn by a GAL in today's courts. GALs have been described with such terms as "advocate" or "factfinder,"⁷⁵ "lawyer-psychologist" or "child liberator-child saver,"⁷⁶ "investigator," "champion," and "monitor."⁷⁷ The basic role, however, seems to boil down to one who "performs the role of the child's advocate, calling and cross-examining witnesses in an effort

72. *Id.* at 121.

73. "Even within the same state, the role of the child's representative may vary from region to region and court to court." Federle, *supra* note 8, at 1554-55.

74. Halikias, *supra* note 3, at 17.

75. *Id.*

76. *Id.* at 18.

77. Tara Lea Muhlhauser, *From "Best" to "Better": The Interests of Children and the Role of a Guardian Ad Litem*, 66 N.D. L. REV. 633, 638 (1990).

to elicit evidence that will aid the court in making a custody decision in the child's best interest."⁷⁸

B. Attorney v. Guardian Ad Litem

The largest gray area in defining the function of a GAL comes from the distinction between a GAL and an attorney appointed for the child. Although the roles are often confused when an appointment is made, there is a distinct difference between the two.

The ethical responsibilities of counsel and a guardian ad litem may differ dramatically: The guardian ad litem, both in representing the infant and as an officer of the court, is under a duty to make a report to the court of his activities . . . while counsel, in some respects, represents his ward as an attorney represents an adult client.⁷⁹

Another example illustrating the difference in the two roles is that an attorney cannot express to the court that she disagrees with her client's stated desires, while a guardian is free to disagree with the child and make a recommendation otherwise if she feels it is in the best interests of the child.⁸⁰

This Note specifically advocates the appointment of a GAL rather than an attorney for children in divorce. Although some advocate the appointment of an attorney for the child, who would perform all of the normal functions of an attorney, representing the client's wishes,⁸¹ this is not the most effective way to represent the child's interests for several reasons.

First, children below a certain age, some suggest the age of seven,⁸² are not fully capable of expressing their wishes and understanding what is in their own best interests.⁸³ By appointing a GAL, it allows the representative to present all information, including her own recommendation,⁸⁴ to the court rather than just the child client's desires. That is not to say that the GAL should not also present the child's desires to the court along with other relevant information. In fact, having the GAL represent the child's wishes, avoids placing the child in an uncomfortable position of directly expressing their wishes and worrying that he or she may hurt a parent's feelings.

78. *Crosby v. Crosby*, No. 92AP-1455, 1993 WL 212727, at *4 (Ohio Ct. App. June 15, 1993). See also IND. CODE § 31-6-1-18 (1993) (defining role of GAL).

79. Louis I. Parley, *Representing Children in Custody Litigation*, 11 J. AM. ACAD. MATRIMONIAL LAW 45, 46 (1993).

80. *Id.*

81. See Horn, *supra* note 8, at 479. See generally Fitzgerald, *supra* note 11.

82. See Guggenheim, *supra* note 38, at 77 (urging judges not to appoint counsel for children who are too young (under seven) to give direction to an attorney).

83. See *Goldstein v. Goldstein*, 341 A.2d 51, 53 (R.I. 1975) (court did not abuse its discretion when it gave substantial weight to the preference of a 9 ½-year-old child making a custody decision).

84. See Stryker & Gordon, *supra* note 35, at 13.

Another important reason why the GAL is the preferred model of representation is that, unlike an attorney-client relationship, a GAL has no duty of confidentiality.⁸⁵ This is important, because to prevent the parents from reviewing any of the representative's reports, for instance under the attorney-client privilege, would violate the due process rights of the parents.⁸⁶

Parents' rights of due process therefore mandate that they have an opportunity to counter evidence that a fact-finder will rely on in reaching a judgment determining their child's fate. Therefore, none of the information the guardian gathers can be shielded from discovery by the attorney-client privilege.⁸⁷

The purpose of appointment of a GAL should not be to shut the parents out, but to keep them and the court focused on the child's interests and working together.

C. Proposed Standard for GAL's Role

With a few qualifications, the proposed role for the GAL is not far from the traditional role. For example, the following list summarizes the basic day-to-day tasks the GAL would perform:

- a) introduce/examine witnesses and present evidence to the court;
- b) accompany the child to, and be present at, all court proceedings;
- c) speak regularly with the child and observe the child in his/her placement situation;
- d) conduct an independent investigation of the case, including interviews with the child's parents, caretakers, etc.;
- e) review all relevant records and reports;
- f) file a report and recommendations with the court related to the child's welfare; and
- g) monitor to assure that the court's orders and child welfare agency's responsibilities are being carried out.⁸⁸

But because this proposal includes appointing the GAL at the beginning of the divorce process, there is a large range of opportunities, in addition to those listed above, for the GAL to be proactive and help educate the parties as they move

85. *Id.* at 14.

Where the attorney is appointed as legal counsel for the child, communications between the attorney and the child are protected by the attorney-client privilege. On the other hand, courts have held that a child's communications with his or her guardian ad litem are not protected by the attorney-client privilege.

Id.

86. *See* Ross v. Gadwah, 554 A.2d 1284, 1285 (N.H. 1988).

87. *Id.* at 1286.

88. Davidson, *supra* note 2, at 264. For more suggestions of duties for the GAL in divorce see COMMITTEE ON CHILDREN & THE LAW, NEW YORK STATE BAR ASS'N LAW GUARDIAN REPRESENTATION STANDARDS, VOLUME II: CUSTODY CASES (1994).

through the process.

As mentioned earlier, the general consensus for appointment of GALs in divorce cases is that it is at the discretion of the court to appoint if the court “makes a factual determination that it would be necessary to protect the interests of the child.”⁸⁹ The proposal here is to appoint a GAL for each child at the beginning of the process because it may be unrealistic to expect the court to know that there is an actual need for one.

The GAL’s duties would begin with a routine investigation of very basic facts concerning the divorcing couple and the status of the child. “As part of the investigation, the guardian should meet regularly with the child. In addition, the guardian ad litem should meet with teachers, neighbors, relatives, doctors, mental health professionals, and any other person directly involved with the case.”⁹⁰ But the scope of this investigation should remain limited in order to protect the privacy rights of the parents and should only go beyond these limits if warranted by the findings (for example, abuse or neglect) and if approved by the court. The purpose of this investigation would be to detect overt problems that the court alone may not be able to discover. One reason cited by some for conducting these investigations is that it provides a “neutral expert, removed from the emotional turmoil of the dispute and the partisan advocacy of the lawyers, [who] can provide more reliable information to the judge than the embattled spouses are likely to provide.”⁹¹ Although one might argue that parents who are observed are more likely to display appropriate behavior, at least being observed makes them more aware of their conduct.

If the GAL were to uncover a problem, such as allegations of abuse or neglect, there might be a need (or requirement by statute) for the court to take further action in protecting the child’s interests, perhaps even by appointing an attorney for the child or involving child protection services. It is also important to keep in mind that there may be other situations that, in the court’s determination, require an increased level of protection or representation beyond the GAL.

The GAL would also provide the court with information upon which to make decisions, not only about custody, but about support and property division. The involvement of the GAL at each of these decision points would help prevent the custodial spouse from accepting financial settlements that would adversely affect the child’s standard of living.⁹² The GAL could call and cross-examine witnesses and present evidence if necessary to provide information supporting the child’s interests.⁹³ As stated above, the GAL’s reports and information presented would have to be completely open to the parents for review in order to protect their due

89. L.C.S. v. S.A.S., 453 S.E.2d 580, 588 (Va. Ct. App. 1995).

90. Stryker & Gordon, *supra* note 35, at 13.

91. Levy, *supra* note 43, at 152.

92. See *supra* note 30.

93. “It is clear that a guardian ad litem is appointed as an officer of the court and, as such, is accorded the presence at the hearing and the opportunity to voice a recommendation.” Muhlhauser, *supra* note 77, at 639. See *infra* notes 105-10 and accompanying text for a discussion of whether the GAL must be an attorney.

process rights.⁹⁴

The GAL would be present whenever the child is being interviewed or evaluated with respect to the proceedings in order to protect the child's interests. At least one court has even held that an attorney may not interview a divorce client's minor children without consent of the GAL when there has been a GAL appointed.⁹⁵ This holding was based on the rule that prohibits a lawyer from communicating with a party represented by another lawyer.⁹⁶

As discussed earlier, there are always potential emotional effects of the divorce process on children. The GAL could serve a critical function by monitoring the child's emotional status throughout the ordeal and by making recommendations to the parents for ways in which to assist the child in coping and enhancing the child-parent relationship.⁹⁷ The GAL, presumably having experience in the field, would also be able to take some of the mystery and fear out of the divorce process by educating the child and parents about what is to be expected.⁹⁸ The GAL can be a resource for the parent who may seek additional assistance during the ordeal. This "monitoring" function is not an uncommon use of the GAL. For example, GALs have been used to help monitor children in foster care situations.⁹⁹

In general, by promoting a cooperative effort between the parents and the GAL, the GAL does not necessarily have to play an adversarial role. Regardless of the actual performance of the GAL's duties, the mere appointment of a representative for the child sends a message to the parents that they are expected to respect the child's situation and do everything in their power to protect the child's interests.

The scope of the overall involvement of the GAL should be situationally dependent. If the GAL is comfortable that the child's interests are being respected and the child is not being used as a bargaining chip, then the GAL might maintain a low profile and simply perform a monitoring and counseling function.

A reasonable concern about a GAL's involvement in the process is the issue of bias. Many commentators fear that GALs may bring hidden agendas to their

94. See *supra* notes 85-87.

95. See *In re Kinast*, 530 N.W.2d 387, 390 (Wis. 1995).

96. *Id.*

97. See Halikias, *supra* note 3, at 17-18.

98. "One of the attorney's greatest services to the child is to take the mystery out of the process. Conflicts regarding custody and placement are extremely stressful for children, and it is important for children to have an accurate sense of what is happening." Stryker & Gordon, *supra* note 35, at 14.

99. See Muhlhauser, *supra* note 77, at 635-36.

The 1980 Adoption Assistance and Child Welfare Act expanded the role of the guardian ad litem as it addressed the issues of children lingering and "drifting" in foster care. . . . The guardian ad litem subsequently assumed the very natural role of monitoring permanency plans for the courts that placed children in foster care for compliance with court orders and case plans.

roles and that their recommendations to the court will be influenced by such prejudices. One author suggests that there is always the potential for fact “shaping” and “suppression” on the part of the investigator who may, based on cultural bias or personal values, have already made up his or her mind about a situation.¹⁰⁰

There is no doubt that every human being in a position to make decisions will be influenced by some subjective factors. Judges are in this position every time they take the bench. But such concerns about bias on the part of the GAL can be put in perspective by noting that the court will always have the last word in these decisions and is free to reject the GAL’s recommendations if they appear ill-founded. The court also has the authority to order other evaluations, such as psychological or educational, if necessary, to “round out” the court’s information.

In order to protect against more subtle or undetectable bias, it will become critical to define clearly the role of the GAL and assure that all GALs are properly trained. By making GALs aware of biases that may enter into their investigations and reports, it might be possible to lessen the chances of skewed recommendations.¹⁰¹ Others suggest that GALs should be required to keep accurate records and to provide those records to the parents to review for accuracy.¹⁰² Appropriate supervision of GALs by other professionals can also prevent bias. The fear of bias, however, should be no greater than in other similar positions, such as judges and social workers. A bureaucracy of purely objective people always remains an ideal.

IV. PRACTICAL ISSUES/OBSTACLES

The bridges between ideas and their application are often the difficult ones to build. There is little argument that the mandatory or even routine appointment of a GAL for each child in a divorce would be a practical challenge.¹⁰³ However, there must first be a direction before actual change can occur.

A. Cost

The first question is always, “Who pays?” Usually, payment for a GAL falls

100. See Levy, *supra* note 43, at 160-64.

101. “The basis for the recommended decisions must be clear and based upon an articulated set of standards or values. Scrutiny must be used to ensure that recommendations and decisions focus on the needs of the child and are free of personal and cultural bias.” Muhlhauser, *supra* note 77, at 643.

102. See Levy, *supra* note 43, at 167.

103. See Fitzgerald, *supra* note 11, at 109.

In re-imagining the family dispute to include children’s own stories, I have presumed some necessary passage of time permitting the development of both new substantive rules to adjudicate the claims and new procedural mechanisms for courts to hear them. For now, the mechanisms of our justice system may appear impossibly child hostile and protecting children from the trauma they experience in court the primary necessity.

upon the parents, divided either by statute or at the discretion of the court.¹⁰⁴ At a time when even the friendliest of divorces can be costly, it is understandable that courts may be resistant to increasing the cost by adding a GAL to the list of expenses. Some have determined that, "[w]ith concern for both resource conservation and policy considerations, advocates should be appointed only in those cases where the child's interests are significant, where some conflict is identified, and where the legal system is likely to ignore or overlook those interests."¹⁰⁵ However, there are cost-effective alternatives to legally trained professional GALs. States are recognizing the value of these alternatives.

Now, due to three factors, many states have implemented an alternative and less expensive approach to advocacy for children. The first factor involves the rising expense involved in compensating court-appointed attorneys. The second factor was the often poor performance of the juvenile's legal counsel. The third factor is the rise in court-appointed attorney's caseload that often results in an attorney who cannot effectively represent the best interests of the child in court.¹⁰⁶

One readily available option is the use of Court Appointed Special Advocates (CASA),¹⁰⁷ lay volunteers trained specifically to represent children in legal proceedings.

The role of the guardian ad litem as a monitor is gaining recognition with the growth of the Court Appointed Special Advocate (CASA) program nationally. A national evaluative study found that the CASA model

104. See *State v. Salch*, 673 So. 2d 904 (Fla. Dist. Ct. App. 1996) (father must pay GAL fee); *Brakhan v. Brakhan*, 524 N.W.2d 74 (Neb. Ct. App. 1994) (county cannot be ordered to pay GAL fees unless parents found to be indigent).

105. Edwards, *supra* note 41, at 430.

106. Jennifer W. Bolden, *In Re: The Court-Appointed Special Advocate (CASA) Volunteers Providing the Missing Link in "The Best Interests of the Child"*, 19 S.U. L. REV. 421, 425-26 (1992).

107. See Edwards, *supra* note 41, at 424.

In 1977, David Soukup, then a juvenile court judge in King County, Washington, asked volunteers within his community to assist abused and neglected children through the dependency court process. His initiative started the Court Appointed Special Advocate Program (CASA), a nationwide endeavor which now has more than 500 programs across the nation and over 30,000 trained volunteers working in the court system on behalf of children.

... Child advocate responsibilities include case investigation, support for the child, case plan development, monitoring service delivery, resource identification, case reporting and advocacy. The role of the volunteer will vary greatly, depending on the needs of the particular community, the roles of the attorneys and other persons involved in the legal system, and available resources. Remarkably, these trained volunteer advocates have in some circumstances proven more effective in court than attorneys.

Id.

programs put strong emphasis on case monitoring. Overall, the study found that CASA representation as a guardian ad litem was superior to the use of attorneys in that role.¹⁰⁸

It does not appear, from the success of the CASA programs, that one must be a legally trained professional to function as a GAL. Although some states require GALs to be attorneys,¹⁰⁹ other states do not.¹¹⁰

It is also important to consider that many courts already have programs in place to protect the interests of children,¹¹¹ and GAL appointment should not duplicate, but supplement, resources already being provided.¹¹²

B. Training

In almost every occupation there are countless problems attributed to "training issues." Although training seems to be a standard scapegoat, there is an element of truth to the philosophy that proper training can prevent problems. Training will indeed play an important role in the effective use of GALs in the divorce context. As mentioned above, training GALs to recognize their own prejudices and tendencies will play an important part in keeping their personal biases from influencing their performance.¹¹³

Although persons with a variety of skills and backgrounds could feasibly function well as a GAL,¹¹⁴ working with children always presents unique

108. Muhlhauser, *supra* note 77, at 638 n.26.

109. See *supra* note 7.

110. "Case law does not dictate a preference for a law-trained guardian ad litem over a nonlaw-trained guardian ad litem in North Dakota." Muhlhauser, *supra* note 77, at 637 n.22.

111. Examples include "home studies" or "custody investigations."

The term "custody investigation" commonly signifies an out-of-court exploration of and written report about the circumstances of children who are the subjects of judicial custody awards in divorce cases. Investigations usually provide social, psychological, and economic data about the children as well as a variety of information about the adults who are litigating the right to the children's custody. The investigation is commonly conducted by a social worker employed by the divorce court's own social service arm or by an employee of a local welfare department or social service agency.

Levy, *supra* note 43, at 149-50. The caseworker, in the course of this investigation, interviews parents and children, visits the home of each parent, interviews the parent's therapist, the children's teachers, and neighbors and friends, and may refer parents or children for psychiatric treatment. *Id.* at 150. Another example of a program developed to help children through legal encounters is a "child advocacy coordinating council." See generally Edwards, *supra* note 41.

112. In a concurring opinion, Justice Beilfuss suggests that the opinions of a GAL can be redundant and a waste of resources where the court already has the advice of the family court commissioner or social workers, and that the court should not be required to appoint a GAL in such a case. *Montigny v. Montigny*, 233 N.W.2d 463, 470 (Wis. 1975) (Beilfuss, J., concurring).

113. See *supra* notes 99-101 and accompanying text.

114. See Muhlhauser, *supra* note 77, at 637 n.21.

By virtue of their legal training, lawyers may bring a different style and range of abilities

challenges. Therefore, it becomes important for GALs to have some understanding of child development.

Without an understanding of children's basic emotional, motor, and cognitive development patterns, an attorney cannot adequately communicate with the client, and thus understand and protect the child's interests. In order to develop reasonable expectations for the client, the attorney must evaluate the client's ability to comprehend questions, recall information, distinguish facts from fiction, and express themselves.¹¹⁵

Proper training and support will also prevent the "role confusion" that often plagues such appointed representatives.¹¹⁶ For example, many GALs find themselves performing a type of "hybrid psycho-lawyer" role.¹¹⁷ Certain factors have been observed to contribute to role perception problems, including:

- a) how the role is described, if at all, in state law;
- b) any instruction given by, or expectations of, the appointing judge;
- c) the training that has been received, if any, in the scope of the guardian ad litem's role; and
- d) the age of the child and the guardian ad litem's understanding of child development, bonding and attachment, and permanency planning issues.¹¹⁸

Another reason for having GALs clearly understand their role is so that they will be protected from liability.¹¹⁹ In general, GALs will enjoy immunity as long as they are performing within the scope of their duty.¹²⁰

to the role of guardian ad litem than non-attorneys. Similarly, nonlawtrained guardians, if they are members of another licensed or regulated profession such as social work or nursing, may have certain ethical limitations. They may also bring skills attributable to their profession that enhance their ability to fulfill the role of a guardian ad litem.

Id.

115. Stryker & Gordon, *supra* note 35, at 13.

116. See Halikias, *supra* note 3, at 18.

117. *Id.*

118. Davidson, *supra* note 2, at 263.

119. See Stryker & Gordon, *supra* note 35, at 14-15.

Some jurisdictions grant court appointed guardian ad litem absolute quasi-judicial immunity from any liability arising from the performance of his or her duties. The rationale being that immunity protects participants in the judicial process from harassment, intimidation, and interference with their ability to engage in impartial decision making. Despite this immunity, courts have the authority as well as a duty to remove a guardian ad litem who is not functioning competently. Appointed attorneys functioning as attorneys, on the other hand, are generally not granted similar immunity.

Id. See also IND. CODE § 31-1-11.5-28(g) (1993) (granting immunity to GALs who perform their duties in good faith); Gerber v. Peters, 584 A.2d 605 (Me. 1990).

120. See State v. Weinstock, 864 S.W.2d 376, 385-86 (Mo. Ct. App. 1993) (quasi-judicial immunity extends to statutorily mandated guardians ad litem when performing within the scope of

In general, training programs will have to be developed to ensure that GALs clearly understand their responsibilities and how to protect the child's interests while maintaining an unobtrusive posture in order to promote a low impact divorce proceeding.

CONCLUSION

In researching this topic, I often recalled a story my husband once told me about his childhood. When he was very young, he thought that he, his mother, and his father were all "married" to each other. This is a poignant view of how a child perceives the family. We should be less focused on the dissolution of marriage and more focused on the concept of dissolution of a family. Once children are born into a marriage, the family takes on a new shape, with new entanglements, expectations, and consequences. A responsible view of divorce is one that considers the impact on the family unit rather than the simple untying of marital bonds and promises.

By not listening to children or making sincere efforts to consider their perspectives, we risk exposing our children to harms that we, as adults, do not comprehend. Most people wish to protect their children. But how can we truly protect our children's interests if we do not have a clear understanding of what those interests are? "We must have no greater societal goal than to direct every resource available toward meeting the needs of children and families in the courtroom and in our communities."¹²¹ By providing routine representation of a child's interests in divorce, we are giving our children, our country's most precious resource, the consideration and protection they deserve.

her duties).

121. Muhlhauser, *supra* note 77, at 647.

WILL STATES PROTECT US, EQUALLY, FROM DAMAGE CAPS IN MEDICAL MALPRACTICE LEGISLATION?

JACQUELINE ROSS*

“The very essence of civil liberty certainly consists in the right of every individual to claim the protection of the laws, whenever he receives an injury. One of the first duties of government is to afford that protection.”¹

“Equal protection raises the question most fundamental to a society: Who gets what? Of course, that problem, approached from a different angle may be reformulated: Who gives up what?”²

INTRODUCTION

Tim was an achiever. He was his school’s star quarterback, the lead in most of the school’s drama productions, class president, and a straight A student. During the school’s homecoming game, Tim’s ankle was broken, and he was rushed to the emergency room. The orthopedic surgeon told the nurse to “give him five” of Versed while he waited for an available operating room. The nurse administered five milliliters of Versed intravenously; then she left the room for fifteen minutes to check on an incoming emergency. When she returned, Tim was not breathing. Evidently the surgeon had intended Tim to receive five milligrams of Versed, not five milliliters.³ Tim has permanent brain damage; he is totally dependent, with seizure disorder, dysphasia, and cognitive dysfunction. His ankle has healed, but his once-promising future has disappeared. He will require full-time care for the remainder of his life.

A jury awarded Tim \$5,000,000 for present and future medical expenses, \$750,000 for lost earnings, and \$1,000,000 for loss of enjoyment of life and other noneconomic damages. Tim’s medical and rehabilitation bills at the time of trial were in excess of \$1,500,000. However, a recent statute in Tim’s state, the result of powerful lobbying by the state’s medical and insurance industries, limits his recovery to \$400,000. This amount will not even cover his immediate medical expenses and legal fees. Had the nurse’s negligence resulted in less devastating harm, Tim would have been compensated for all of his damages. As it stands, a successful challenge to the statute under the state’s equal protection clause is the only chance Tim has to prevent his parents’ eventual bankruptcy and his own

* J.D. Candidate, 1997, Indiana University School of Law—Indianapolis; B.A., 1993, New Mexico State University. I would like to express my appreciation to Professor James W. Torke for his invaluable insight, assistance, advice, and patience. I would also like to thank my Note Development Editor, Marilee Springer, for her organizational expertise and assistance.

1. *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 163 (1803).

2. James W. Torke, *The Judicial Process in Equal Protection Cases*, 9 HASTINGS CONST. L.Q. 279, 343 (1982).

3. There are ten milligrams per milliliter.

placement in a state institution.

This Note will demonstrate that a state's independent interpretation of its equal protection clause may not only be the best source of protection from damage caps in medical malpractice acts, but it may be the only source. The first section will review the Supreme Court's Fourteenth Amendment equal protection analysis. This analysis is the starting point for many states' interpretations of analogous provisions in their state constitutions; some simply interpret their own clauses as repetitions of the federal. The section will end with a criticism of the traditional three-tiered analysis, and will address the alternative methods suggested by Justices Marshall and Stevens.

The second section of this Note will introduce the concept of new judicial federalism in equal protection analysis and suggest that states have followed two distinct methods for providing their citizens with such protection independent of the Federal Constitution. The third section will discuss the equal protection analysis as it has been applied to medical malpractice acts. One of the most common types of legislation enacted imposes caps on the amount of damages that a victim of malpractice can recover in a suit. Some legislatures have enacted damage caps limiting only noneconomic damages, while others have limited total recovery. The rationale for, and harm caused by, both types of limits will be discussed. This Note will argue that state courts should protect their citizens through independent interpretations of their equal protection clauses when legislatures place caps on damages for the following reasons: (1) the inefficacy of the traditional federal approach in this area, (2) the disparity in political clout between victims and physicians, (3) the inadequate substantiation that these caps result in lower malpractice insurance premiums or health care costs, (4) fidelity to the twin goals of tort law—increasing the quality of care through deterrence and compensating victims, and (5) the uniqueness of the states' constitutions provide an opportunity for a broader interpretation than the Federal Constitution. This Note will review cases using independent analysis and those using the traditional federal analysis of statutes imposing caps on noneconomic damages and statutes imposing caps on total recovery.

The fourth section will assess the effect of the new judicial federalism in equal protection cases as applied to damage caps. Concluding, the Note makes a plea to state judiciaries to protect their citizens, equally, from damage caps in medical malpractice legislation.

I. U. S. SUPREME COURT'S ANALYSIS

The Fourteenth Amendment is now one of the most important constitutional provisions protecting individual rights.⁴ It ensures individuals are not denied equal protection of the law by any state.⁵ Its limitations on the states are largely

4. See JOHN E. NOWAK & RONALD D. ROTUNDA, CONSTITUTIONAL LAW § 14.1 (4th ed. 1991).

5. U.S. CONST. amend. XIV, § 1 provides: "No State shall . . . deny to any person within its jurisdiction the equal protection of the laws."

mirrored by the Fifth Amendment's Due Process Clause limitations on the federal government.⁶

The Equal Protection Clause prevents state legislatures from classifying groups either arbitrarily or based upon unacceptable criteria, and it prevents them from using any such violative classification to burden a particular group.⁷ If the classification is based on "permissible" criteria, then the government may classify a group to further a legitimate societal interest.⁸

During the period following Roosevelt's court-packing plan in the 1930s, a dichotomy developed in the review applied by the Court. If a claim involved economic or social legislation, the Court gave high deference to the legislature.⁹ At the same time, classifications involving or affecting individual rights deemed "fundamental" by the Constitution were subjected to a high degree of scrutiny.¹⁰

The U.S. Supreme Court currently professes to apply three standards of review in its equal protection analysis.¹¹ These standards are commonly termed the rational basis, strict scrutiny, and intermediate or quasi-suspect standards of review. Some commentators have suggested that the Supreme Court has not strictly followed its own delineation of these standards in all cases, and that it has at times used a higher degree of scrutiny while declaring to use a rational basis test.¹²

6. See *Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097, 2125 (1995).

7. See *United States v. Carolene Prods. Co.*, 304 U.S. 144, 152-53 n.4 (1938). In *McGowan v. Maryland*, 366 U. S. 420, 425-26 (1961), the Court stated:

[T]he Fourteenth Amendment permits the States a wide scope of discretion in enacting laws which affect some groups of citizens differently than others. The constitutional safeguard is offended only if the classification rests on grounds wholly irrelevant to the achievement of the State's objective. State legislatures are presumed to have acted within their constitutional power despite the fact that, in practice, their laws result in some inequality. A statutory discrimination will not be set aside if any state of facts reasonably may be conceived to justify it.

See also *Forum: Equal Protection and the Burger Court*, 2 HASTINGS CONST. L.Q. 645, 650-51 (1975).

8. See NOWAK & ROTUNDA, *supra* note 4, § 14.2.

9. *Id.* § 14.3.

10. *Id.*

11. See, e.g., *City of Cleburne v. Cleburne Living Ctr.*, 473 U.S. 432, 451 (1985) (Stevens, J., concurring).

12. See Richard E. Levy, *Escaping Lochner's Shadow: Toward a Coherent Jurisprudence of Economic Rights*, 73 N.C. L. REV. 329, 337-39 (1995) (arguing that although a few cases in the 1980s hinted at the Court's readiness to engage in a less deferential review under its rational basis analysis, any optimism about the courts continued use of such review was extinguished by the Court's highly deferential analysis in *Nordlinger v. Hahn*, 505 U.S. 1, 13-14 (1992), and in *FCC v. Beach Communications, Inc.*, 508 U.S. 307, 317-18 (1993)).

A. Rational Basis

Under the rational basis test, applied in general economic and social legislation,¹³ the courts do not apply any significant level of review. The Supreme Court has determined that in this area the judiciary has no special or unique role to play.¹⁴ As an institution, it considers itself either incapable or less capable than the legislature to determine exactly what ends are legitimate or the reasonableness and effectiveness of the means chosen to achieve those ends. When relinquishing these determinations to the legislature, the Court will not delve into whether a classification is actually effective in achieving its purported purpose. It will only inquire whether the classification conceivably has a rational relationship to an end which is not prohibited by the Constitution. Under this level of review, as long as the government's classification arguably has some correlation to the legislative ends, the court will defer to the legislature's judgment, and the classification will stand if challenged as a violation of the Fourteenth Amendment.¹⁵

B. Strict Scrutiny

If the Court determines that strict scrutiny is the appropriate level of review, deference to the legislature disappears. The Court will independently decide whether the classification is closely related to, and effective in, achieving the professed end; the Court will also require that end to serve a compelling or overriding governmental purpose. Many ends have not been found sufficiently compelling to justify classifications when subjected to this level of review.¹⁶ The strict scrutiny test has been termed "strict in theory and fatal in fact. . . ."¹⁷

The court may further find the classification violative of equal protection, even where there appears to be a compelling governmental purpose, if the legislation is overly broad or not narrowly tailored to promote that end. The Court may also

13. See, e.g., *Duke Power Co. v. Carolina Env'tl. Study Group, Inc.*, 438 U.S. 59 (1978) (statutory limit on liability for nuclear accidents); *San Antonio Indep. Sch. Dist. v. Rodriguez*, 411 U.S. 1 (1973) (education).

14. See NOWAK & ROTUNDA, *supra* note 4, § 14.3, at 574.

15. *Id.* at 574-75.

16. *Id.* See, e.g., *Shapiro v. Thompson*, 394 U.S. 618, 634-38 (1969) (holding that the legislatures' professed ends of: (1) aiding in planning the welfare budget; (2) providing an objective test of residency; (3) decreasing the probability of welfare recipients fraudulently receiving benefits from more than one state; and (4) encouraging new residents to obtain employment, were not sufficiently compelling to justify the legislatures' denials of welfare benefits to residents whom had been in the states for less than one year. The classification affected the fundamental right to travel.).

17. Gerald Gunther, *The Supreme Court, 1971 Term—Foreword: In Search of Evolving Doctrine On A Changing Court: A Model for A Newer Equal Protection*, 86 HARV. L. REV. 1, 8 (1972). But see *Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097, 2117 (1995) ("Finally, we wish to dispel the notion that strict scrutiny is strict in theory, but fatal in fact.") (internal quotations omitted) (citations omitted).

independently consider whether the legislation is necessary.¹⁸

"The Court . . . employs the strict scrutiny compelling interest test . . . in two categories of civil liberties cases: First, when the governmental act classifies people in terms of their ability to exercise a fundamental right;¹⁹ second, when the governmental classification distinguishes between persons, in terms of any right, upon some 'suspect' basis."²⁰ Because of the history and purpose of the Fourteenth Amendment, the Supreme Court has determined that strict scrutiny is the appropriate standard of review when legislation involves a classification of persons based on their racial status or based on their national origin.²¹

C. Intermediate Review

Until the late 1960s, courts used either strict or rational basis scrutiny; they have since developed an intermediate standard of review. This intermediate standard gives less deference to the legislature than the rational basis standard, but more deference to the legislature than is allotted under strict scrutiny.²² This standard requires the legislature to show that the classification in question involves a "substantial relationship" to an "important" governmental end.²³ The essence of the intermediate test is that the Court uses a means/ends analysis, requiring that the means in question bear a substantial relation to the ends sought by the legislature.²⁴ The Supreme Court has applied this test to cases involving classifications by gender²⁵ and classifications by illegitimacy.²⁶ These classifications have been

18. See Mary A. Willis, *Limitation on Recovery of Damages Medical Malpractice Cases: A Violation of Equal Protection?*, 54 U. CIN. L. REV. 1329, 1334 (1986).

19. See, e.g., *McIntyre v. Ohio Elections Comm'n*, 514 U.S. 337 (1995) (law burdening core political speech); *Dunn v. Blumstein*, 405 U.S. 330 (1972) (travel and voting); *Kramer v. Union Free Sch. Dist.*, 395 U.S. 621 (1969) (voting); *Shapiro v. Thompson*, 394 U.S. 618 (1969) (interstate travel) *overruled in part by* *Edelman v. Jordan*, 415 U.S. 651 (1974); *Loving v. Virginia*, 388 U.S. 1 (1967) (marriage); *Griswold v. Connecticut*, 381 U.S. 479 (1965) (right to privacy); *NAACP v. Alabama ex rel. Patterson*, 357 U.S. 449 (1958) (freedom of expression and association); *Skinner v. Oklahoma ex rel. Williamson*, 316 U.S. 535 (1942) (marriage and procreation).

20. NOWAK & ROTUNDA, *supra* note 4, § 14.3, at 575. See, e.g., *Hunter v. Erickson*, 393 U.S. 385 (1969) (race); *Oyama v. California*, 332 U.S. 633 (1948) (national origin).

21. See, e.g., *Shaw v. Reno*, 509 U.S. 630, 631-32 (1993).

22. See NOWAK & ROTUNDA, *supra* note 4, § 14.3.

23. *Craig v. Boren*, 429 U.S. 190, 197 (1976). *Accord* *United States v. Virginia*, 116 S. Ct. 2264, 2274 (1996) ("Parties who seek to defend gender-based government action must demonstrate an exceedingly persuasive justification for that action.") (internal quotations omitted).

24. See Willis, *supra* note 18, at 1336.

25. See, e.g., *Craig*, 429 U.S. at 204 (invalidating a statute that established different legal ages for alcohol consumption for men and women).

26. See, e.g., *Levy v. Louisiana*, 391 U.S. 68, 72 (1968) (invalidating a wrongful death statute that excluded illegitimate children from the class entitled to recover for their parents' death).

termed "quasi-suspect."²⁷

D. Suggested Alternatives

Justices Thurgood Marshall and John Paul Stevens have rejected the traditional tiered analysis in equal protection cases. In *San Antonio Independent School District v. Rodriguez*, Justice Marshall suggested that the Supreme Court was not honest about its use of the tiered analysis and that it was actually applying a "spectrum of standards"²⁸ or a sliding scale level of review, depending on the "substantiality of the state interests sought to be served, and . . . [the] reasonableness of the means by which the State has sought to advance its interests."²⁹ In Marshall's view, placing interests in the two or three types of legislation for different levels of review may be arbitrary and may not adequately take into account the importance of the interests of either those classified or of the state.³⁰ Marshall explained:

The task in every case should be to determine the extent to which constitutionally guaranteed rights are dependent on interests not mentioned in the Constitution. As the nexus between the specific constitutional guarantee and the nonconstitutional interest draws closer, the nonconstitutional interest becomes more fundamental and the degree of judicial scrutiny applied when the interest is infringed on a discriminatory basis must be adjusted accordingly.³¹

Justice Marshall determined that as the importance of the right increases, the Court should look closer at the effectiveness of the act and whether any less restrictive means are available to reach the legislation's goals.³² Although Marshall claimed to be merely illuminating what the Court was actually doing in its equal protection analysis, his explanation came during a period in which the Court seemed to be applying a heightened rational basis review in some cases. Because the Court has seemingly returned to a rational basis review with minimal scrutiny,³³ Marshall's pronouncements can be viewed as suggestions to the current Court.

Justice Stevens has proposed a continuum of judgmental responses.³⁴ The responses will differ according to what the Court determines are the answers to a

27. *Id.*

28. 411 U.S. 1, 98 (1973) (Marshall, J., dissenting).

29. *Id.* at 124.

30. *Id.* at 110 (finding that in placing this school finance case in with other economic legislation the Court was at odds with previous decisions and "thereby ignores the constitutional importance of the interest at stake and the invidiousness of the particular classification").

31. *Id.* at 102-03.

32. *Id.* at 125.

33. See Levy, *supra* note 12.

34. *City of Cleburne v. Cleburne Living Ctr.*, 473 U.S. 432, 453 (1985) (Stevens, J., concurring) (footnotes omitted).

group of questions. These questions include: (1) "What class is harmed by the legislation, and has it been subjected to a 'tradition of disfavor' by our laws?"; (2) "What is the public purpose that is being served by the law?"; and, (3) "What is the characteristic of the disadvantaged class that justifies the disparate treatment?"³⁵ These questions are to be asked regardless of the type of classification involved because Justice Stevens has determined that their answers will show whether the legislature has rationally enacted the legislation with the "legitimacy and neutrality that must always characterize the performance of the sovereign's duty to govern impartially."³⁶

Justice Stevens postulated that the answers to these questions explain why classifications by race are not rational.³⁷ With other types of classifications, however, Justice Stevens suggested a less clear-cut result because the characteristic of those being classified might rationally support some legislatively imposed burdens but not others, depending on the legislative purpose.³⁸ A legislative purpose, in Justice Stevens' view, is rational if it "transcends the harm to the members of the disadvantaged class."³⁹ Although Justice Stevens' questions do not directly address classifications which create privileged groups, it is highly unlikely that a classification which creates a favored group does not create a correspondingly burdened group. For Justice Stevens, equal protection is a question of reasonableness; the answer is discovered through a series of questions which balance the interests involved.

II. NEW JUDICIAL FEDERALISM IN EQUAL PROTECTION CASES—INDEPENDENT ANALYSIS

Some state courts have reacted to the U.S. Supreme Court's limited interpretation of equal protection by declaring their independence from the Court's interpretation. These courts no longer claim to be interpreting their own states' constitutions as if their language and effect were merely coterminous with the Equal Protection Clause; states have engaged in this analysis even when their own constitutions do not contain an "equal protection clause."⁴⁰ The effect of this independence has been varied. State courts wishing to broaden the scope of equal protection given to their citizens have approached this goal in different ways.

35. *Id.*

36. *Id.* at 452. *Cf. Romer v. Evans*, 116 S. Ct. 1620, 1628 (1996) ("Central to both the ideal of the rule of law and to our own Constitution's guarantee of equal protection is the principle that government and each of its parts remain open on impartial terms to all who seek its assistance.").

37. *City of Cleburne*, 473 U.S. at 453 (Stevens, J., dissenting).

38. *Id.* at 454.

39. *Id.* at 452.

40. *See, e.g., S.D. CONST.* art. VI, § 18 ("No law shall be passed granting to any citizen, class of citizens or corporation, privileges or immunities which upon the same terms shall not equally belong to all citizens or corporations."); *Behrns v. Burke*, 229 N.W.2d 86, 88 (S.D. 1975) (noting that "equal protection" does not appear in their state constitution and that the analysis under the state and federal constitutions are not the same).

Some state courts have professed to follow the federal approach, while giving some “bite” to the rational basis analysis.⁴¹ Other state courts have expressly determined that their constitutions offer broader protection than the Fourteenth Amendment,⁴² and have either followed the tiered analysis, while analyzing more social and economic legislation under strict or intermediate scrutiny, or have applied their own single-test analysis to all classifications.⁴³

A. *The Tiered Approach of New Judicial Federalism in Equal Protection*

California has elected to adopt the U.S. Supreme Court’s three-tiered analysis by evaluating classifications under either high, moderate, or low-level scrutiny. At the high level are “suspect” classifications and classifications affecting fundamental rights. The methodology California courts have used to broaden equal protection is through independent decisions of what is included in the “suspect” classification and what are “fundamental rights.”⁴⁴

Using this independent analysis, California was one of the few states to strike down its school financing system on the explicit ground that it violated the State’s Equal Protection Provisions.⁴⁵ The Supreme Court of California determined that education was a fundamental right in California.⁴⁶ Therefore, any classification

41. See Willis, *supra* note 18, at 1338.

42. See, e.g., *Daly v. Del Ponte*, 624 A.2d 876, 883 (Conn. 1993) (“In appropriate circumstances, we have interpreted the equal protection provisions of the state constitution differently than that contained in the federal constitution, particularly when the distinctive language of our constitution calls for an independent construction.”). Cf. *Grissom v. Gleason*, 418 S.E.2d 27, 29 n.1 (Ga. 1992) (“We do not foreclose the possibility that this court may interpret the equal protection clause in the Georgia Constitution to offer greater rights than the federal equal protection clause as interpreted by the U.S. Supreme Court.”). Georgia’s constitution does differ from the federal. “Protection to person and property is the paramount duty of government and shall be impartial and complete. No person shall be denied the equal protection of the laws.” GA. CONST. art. I, § 1, para. 2.

43. See Willis, *supra* note 18, at 1338.

44. Examples of other courts taking similar approaches include *Horton v. Meskill*, 376 A.2d 359 (Conn. 1977) (education is fundamental); and *Idaho School for Equal Education Opportunity v. Evans*, 850 P.2d 724 (Idaho 1993) (new two-part test to determine whether a right is fundamental).

45. CAL. CONST. art. I, §§ 11, 21 (§ 11 repealed 1974, current version at *id.* art. IV, § 16) (§ 21 repealed 1974, current version at *id.* art. I, § 7(b)). Prior to 1974, article I, section 11 provided: “All laws of a general nature shall have a uniform operation.” Prior to 1974, article I, section 21 provided: “No special privileges or immunities shall ever be granted which may not be altered, revoked, or repealed by the Legislature; nor shall any citizen, or class of citizens, be granted privileges or immunities which, upon the same terms, shall not be granted to all citizens.” In 1974, article I, section 7(a) was added, which provides: “A person may not be deprived of life, liberty, or property without due process of law or denied equal protection of the laws”

46. *Serrano v. Priest*, 487 P.2d 1241, 1263-64 (Cal. 1971) (often cited as *Serrano I*—remanded finding that if facts alleged were proven, the system of public school financing would

affecting this right must serve a compelling state interest to be valid.⁴⁷

B. The Single-Test Approach of New Judicial Federalism in Equal Protection

When Oregon interprets its equal protection provisions, the method of analysis is completely distinct from the federal three-tiered method. The Oregon courts' analysis is based on the distinct language of the Oregon Constitution⁴⁸ and considers the unique historical and political considerations applicable to the state.⁴⁹ The Oregon Supreme Court determined in *State v. Clark*, that the Oregon Constitution prevents the state from distributing privileges or burdens unsystematically.⁵⁰ The court noted that, unlike the Fourteenth Amendment, which was enacted to prevent discrimination against black citizens, Oregon's provisions were enacted to prevent the states from granting privileges to some citizens, thereby burdening others.⁵¹ This provision in the Oregon Constitution was adopted prior to the adoption of the Fourteenth Amendment.

The Indiana Supreme Court in *Collins v. Day*⁵² announced its independent interpretation of equal protection provisions in the Indiana Constitution⁵³ and rejected the three-tiered analysis. Under the new test, a court first decides whether disparate treatment accorded by legislation is reasonably related to inherent characteristics which distinguish the unequally treated classes, then it determines whether the preferential treatment is uniformly applicable and equally available to all persons similarly situated.⁵⁴ Although an Indiana court is still bound to

be violative of equal protection under a strict scrutiny analysis); *Serrano v. Priest*, 557 P.2d 929, 949 (Cal. 1976) (*Serrano II*—refusing to reevaluate its use of strict scrutiny under its state constitution in light of the intervening Supreme Court decision in *San Antonio Independent School District v. Rodriguez*, 411 U.S. 1, 28 (1973), which found that education was not a fundamental right and thus applied low-level scrutiny).

47. Other courts reached similar results, but most based their decisions on grounds other than equal protection, such as their constitutions' education clauses. *See, e.g.*, *Rose v. Council for Better Educ.*, 790 S.W.2d 186, 193 (Ky. 1989) (state constitution explicitly required an "efficient school system"); *Helena Elementary Sch. Dist. No. 1 v. State*, 784 P.2d 418 (Mont. 1990) (state constitution required a basic system of free quality education); *Abbott v. Burke*, 575 A.2d 359 (N.J. 1990) (state constitution required a thorough and efficient education for all students).

48. "No law shall be passed granting to any citizen or class of citizens privileges, or immunities, which, upon the same terms, shall not equally belong to all citizens." OR. CONST. art. I, § 20.

49. *See* David Schuman, *A Failed Critique of State Constitutionalism*, 91 MICH. L. REV. 274, 275 (1992).

50. 630 P.2d 810, 814 (Or. 1981).

51. *Id.*

52. 644 N.E.2d 72 (Ind. 1994).

53. "The General Assembly shall not grant to any citizen, or class of citizens, privileges or immunities which, upon the same terms, shall not equally belong to all citizens." IND. CONST. art. I, § 23.

54. *Collins*, 644 N.E.2d at 78. For examples of other courts taking similar approaches, see

accord a high degree of deference to the legislature, the supreme court stated that it expected this ruling to broaden the protection given.⁵⁵ Prior to *Collins*, Indiana had interpreted its own constitution as consistent with or as a simple reiteration of the federal constitution.⁵⁶

III. MEDICAL MALPRACTICE ACTS AND EQUAL PROTECTION

Having discussed the traditional federal equal protection analysis and ways in which state courts have sought to broaden the protection they provide under their own constitutions, this section will review the possibilities, under the different methods of analysis, of striking down damage caps in medical malpractice acts as violative of equal protection. It is first necessary to describe the rationale behind these acts and the arguments counseling the state courts to strike them down. Subsequently, cases applying the different methods of analysis to damage cap provisions will be discussed.

A. States' Reactions to the Medical Insurance Crisis

There was an increase in the percentage of Gross National Product (GNP) Americans spent on health care in every year between the mid-1960s and the late 1980s.⁵⁷ In 1991, the United States spent 13% of its GNP on health care.⁵⁸ Working Americans were increasingly unable to afford health insurance.⁵⁹ President Clinton, among others, partially blamed the increasing cost of health care on the increasing costs of medical malpractice insurance.⁶⁰ Beginning in the 1960s, the cost of liability insurance for medical malpractice began to rise; the costs and risks to insurers increased at such a rate that some insurance companies ceased to provide medical malpractice insurance.⁶¹ All fifty states passed

Arctic Structures, Inc., v. Wedmore, 605 P.2d 426 (Alaska 1979) (applying an independent sliding-scale or balancing test); Hale v. Port of Portland, 783 P.2d 506, 516 (Or. 1989) (applying an independent single standard of review).

55. *Collins*, 644 N.E.2d at 80-81.

56. *Id.* at 75. See also *Johnson v. Elkhart Gen'l Hosp.*, 404 N.E.2d 585 (Ind. 1980).

57. See Frank A. Sloan et al., *Finding Solutions to Problems of Access, Quality Assurance, and Cost Containment*, in *COST, QUALITY, & HEALTH CARE* 1, 2 (Frank A. Sloan et al. eds., 1988).

58. See Walter A. Costello, Jr., *President's Message*, MASS. L. WKLY., June 8, 1992, at 37, 37.

59. See Dennis J. Rasor, *Mandatory Medical Malpractice Screening Panels: A Need to Re-Evaluate*, 9 OHIO ST. J. ON DISP. RESOL. 115 (1993).

60. *Id.* at 116.

61. In 1975, premiums increased 64%. Patricia Munch, *Causes of the Medical Malpractice Insurance Crisis: Risks and Regulation*, in *THE ECONOMICS OF MEDICAL MALPRACTICE* 126-27 (Simon Rottenberg ed., 1978). The "availability crisis" subsided in the 1980s, yet the costs of health care continued to soar. Thus, the health care and insurance industries in the 1980s relied on the lack of affordability of insurance, rather than availability, to get their reform measures passed. Franklin D. Cleckley & Govind Hariharan, *A Free Market Analysis of the Effects of Medical Malpractice Damage Cap Statutes: Can We Afford to Live with Inefficient Doctors?*, 94 W. VA.

legislation in response to this perceived “crisis.”⁶² The legislative response included establishing review panels,⁶³ allowing voluntary arbitration agreements between patients and physicians,⁶⁴ removing the collateral source rule in malpractice suits,⁶⁵ removing ad damnum clauses,⁶⁶ instituting patient compensation funds,⁶⁷ limiting attorneys’ contingency fees,⁶⁸ limiting the number of claims through reduced statutes of limitation,⁶⁹ and placing caps on both noneconomic and total damages.⁷⁰ The legislatures’ placement of damage caps on malpractice recoveries may violate the states’ equal protection provisions.

L. REV. 11, 26 (1991).

62. See Willis, *supra* note 18, at 1329. “There has never been such dramatic and immediate response by the state legislatures to the pressure for any reform such as the reaction of all fifty state assemblies to the demands made by and on behalf of the medical profession in 1975.” J. Kent Richards, *Statistics Limiting Medical Malpractice Damages*, 32 FED’N INS. COUNS. Q. 247, 247 n.2 (quoting Fuller, *The Insurance Crisis in Medical Malpractice*, in MEDICAL MALPRACTICE 10-1, 10-14 (Illinois Institute for Continuing Legal Education ed., 1975)).

63. See, for example, ARIZ. REV. STAT. ANN. § 12-567 (West 1982) (repealed 1989), which provided that malpractice actions were initially to be submitted to a medical liability review panel that would make a ruling for the plaintiff or defendant. In order to proceed to court, the losing party had to submit a bond of \$2000 for the prevailing party’s expenses. In *Eastin v. Broomfield*, 570 P.2d 744, 750-51 (Ariz. 1977), the Arizona Supreme Court found that these requirements did not violate the state’s equal protection provisions.

64. Rasor, *supra* note 59, at 116; see, e.g., ALASKA STAT. § 09.55.535 (Michie 1996).

65. Rasor, *supra* note 59, at 116. The collateral source rule requires a defendant to refrain from introducing evidence at trial that a plaintiff has recovered for the same injury from other sources, such as medical insurance. See, e.g., R.I. GEN. LAWS § 9-19-34.1 (Supp. 1996) (eliminating the collateral source rule in medical malpractice cases, thus allowing a defendant to introduce evidence of a plaintiff’s recovery from other sources—the jury is further to be instructed to reduce the plaintiff’s award for damages by the amount of such alternative recovery). See also James J. Watson, Annotation, *Validity and Construction of State Statute Abrogating Collateral Source Rule as to Medical Malpractice Actions*, 74 A.L.R. 4TH 32 (1990).

66. An ad damnum clause informs the defendant of the maximum amount of the claim; see FED. R. CIV. P. 8(a)(3). An Arizona statute required that no dollar amount be included in a medical malpractice complaint. ARIZ. REV. STAT. ANN. § 12-566 (West 1992).

67. See Rasor, *supra* note 59, at 116 (arguing that such funds are “variations on a no-fault system”).

68. *Id.*

69. See, e.g., *Ledbetter v. Hunter*, 652 N.E.2d 543 (Ind. Ct. App. 1995) (applying an Indiana statute of limitation on a minor bringing claim for birth injuries).

70. See Willis, *supra* note 18, at 1332-33. As of 1987, 27 states had enacted statutes with medical malpractice damage cap provisions which, as of that year, had not been repealed. These states were: Alabama, Alaska, California, Colorado, Georgia, Hawai’i, Idaho, Indiana, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, Ohio, Oregon, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin. Cleckley & Hariharan, *supra* note 61, at 21-22 n.32.

B. The Need and Justifications for States' Judiciaries Striking Damage Caps as Violative of Their Equal Protection Provisions

Although damage caps are enacted frequently,⁷¹ they are one of the most controversial⁷² methods used by state legislatures in medical malpractice reform. State court challenges to such legislation have produced varied results.⁷³ However, even though the results have been inconsistent, if a victim of medical malpractice is to successfully challenge a damage cap as violative of equal

71. See Kevin Bushnell, *Constitutional Challenges to Medical Malpractice Reform Laws*, 12 VERDICTS, SETTLEMENTS & TACTICS 370 (1992).

72. See John Desmond, *Michigan's Medical Malpractice Reform Revisited-Tighter Damage Caps and Arbitration Provisions*, 11 T.M. COOLEY L. REV. 159, 164 (1994).

73. Cases upholding damage caps in medical malpractice acts include: *Fein v. Permanente Med. Group*, 695 P.2d 665 (Cal. 1985) (\$250,000 cap on noneconomic damages upheld under rational basis review); *Scholz v. Metropolitan Pathologists, P.C.*, 851 P.2d 901 (Colo. 1993) (\$250,000 cap on noneconomic and \$1,000,000 cap on total recovery upheld under rational basis review); *Johnson v. St. Vincent Hosp., Inc.*, 404 N.E.2d 585 (Ind. 1980) (\$500,000 cap upheld under rational basis review; the court found significant the availability of an alternative remedy through a patient compensation fund); *Samsel v. Wheeler Transp.*, 789 P.2d 541 (Kan. 1990) (\$250,000 cap on noneconomic damages upheld), *overruled by Bair v. Peck*, 811 P.2d 1176 (Kan. 1991); *Adams v. Children's Mercy Hosp.*, 832 S.W.2d 898 (Mo. 1992) (\$350,000 cap on noneconomic damages upheld under rational basis review); *Prendergast v. Nelson*, 256 N.W.2d 657 (Neb. 1977) (upholding an elective \$500,000 cap under rational basis review); *Etheridge v. Medical Ctr. Hosps.*, 376 S.E.2d 525 (Va. 1989) (\$750,000 cap on total recovery upheld); *Robinson v. Charleston Area Med. Ctr., Inc.*, 414 S.E.2d 877 (W. Va. 1991) (\$1,000,000 cap on noneconomic damages upheld under rational basis review).

Cases finding damage caps in medical malpractice acts violative of state constitutions include: *Moore v. Mobile Infirmary Ass'n*, 592 So. 2d 156 (Ala. 1991) (striking a \$400,000 cap on noneconomic damages as violative of equal protection under intermediate scrutiny, and of state right to jury trial); *Smith v. Department of Ins.*, 507 So. 2d 1080 (Fla. 1987) (striking \$450,000 cap on noneconomic damages as violative of access to courts and right to a jury trial); *Wright v. Central Dupage Hosp. Assoc.*, 347 N.E.2d 736 (Ill. 1976) (striking \$500,000 cap as violative of right to jury trial and as a prohibited "special law"); *Kansas Malpractice Victim's Coalition v. Bell*, 757 P.2d 251 (Kan. 1988) (striking \$250,000 cap on noneconomic damages under state due process and right to jury trial; issue of equal protection moot), *overruled by Peck*, 811 P.2d at 1176; *Arneson v. Olson*, 270 N.W.2d 125 (N.D. 1978) (striking \$300,000 cap on total recovery as violative of state equal protection under intermediate scrutiny); *Brannigan v. Usitalo*, 587 A.2d 1232 (N.H. 1991) (striking a \$875,000 cap on noneconomic damages as violative of state equal protection, applying intermediate scrutiny); *Carson v. Maurer*, 424 A.2d 825 (N.H. 1980) (striking \$250,000 cap on noneconomic damages as violative of state equal protection under intermediate scrutiny); *Morris v. Savoy*, 576 N.E.2d 765 (Ohio 1991) (striking \$200,000 cap on general damages on due process grounds, but not violative of equal protection under rational basis review); *Lucas v. United States*, 757 S.W.2d 687 (Tex. 1988) (striking \$500,000 cap on total recovery as violative of state access to courts provision); *Sofie v. Fibreboard Corp.*, 771 P.2d 711 (Wash. 1989) (cap on noneconomic damages violates state right to jury trial).

protection, his only real chance lies with a challenge under his own state's constitution. For the following reasons, state judiciaries need to independently interpret their respective equal protection clauses and protect their citizens from these caps.

1. *The Federal Analysis is Insufficient.*—Implicitly, the Supreme Court has held that there is no federal constitutional right to damages;⁷⁴ federal courts apply the lowest standard of review when a damage cap is challenged under the Fourteenth Amendment.⁷⁵ At least one commentator has noted,

[A]nalysis under the rigid two-tiered model does not result in equal protection for severely-injured malpractice plaintiffs. . . . This arbitrary discrimination against patients rewards medical negligence at the expense of the victim and is benignly rationalized by the legislature as well as those courts applying minimal scrutiny on the ground that it improves the quality of health care.⁷⁶

As in other areas, when the federal rational basis test is applied to damage caps, the result is little, if any, protection at all.

2. *The Disparity Between the Victims' and the Medical and Insurance Industries' Political Clout Justifies a Higher Level of Review.*—The courts' role is essential in an area such as medical malpractice, where "the beneficiary of favored legislation is a powerful, affluent group and the classification deprives a small, politically ineffective group" of benefits.⁷⁷ According to a recent study by the Center of Public Integrity, a nonprofit Washington group, there are 650 groups supported by the medical and insurance industries who have "spent more than \$100 million from January 1993 to . . . March [1994] to influence the outcome of health care legislation."⁷⁸ By applying only minimal scrutiny to these cases in

74. See *Duke Power Co. v. Carolina Envtl. Study Group, Inc.*, 438 U.S. 59, 84-98 (1978) (suggesting that federal case law denies an absolute right to general and, especially, economic damages).

75. *Knowles v. United States*, 829 F. Supp. 1147, 1153-54 (D.S.D. 1993) (holding that because medical malpractice victims are not a suspect class and because the limitation on damages did not affect a fundamental right, "the Court must apply the rational basis test"), *rev'd on other grounds*, 91 F.3d 1147 (8th Cir. 1996).

76. Willis, *supra* note 18, at 1348.

77. *Id.* at 1349. As Justice Marshall explained of another politically powerless group, welfare families, in *New York State Department of Social Services v. Dublino*: "It is widely yet erroneously believed . . . that recipients of public assistance have little desire to become self-supporting. . . . Because the recipients of public assistance generally lack substantial political influence, state legislators may find it expedient to accede to pressures generated by misconceptions." 413 U.S. 405, 431-32 (1973) (Marshall, J., dissenting) (citation omitted). Similarly, public misconceptions concerning the frequency of overzealous juries doling out millions, coupled with the persuasive efforts of powerful lobbies, have made it more expedient for legislators to concede to pressures by enacting these damage caps.

78. Katharine Q. Seelye, *Lobbyists Are the Loudest in the Health Care Debate*, N.Y. TIMES, Aug 16, 1994, at A1 (quoting a study by the Center for Public Integrity).

which one group is most likely not adequately represented in the legislature⁷⁹ “courts relinquish the opportunity to examine the disparity in position between the lobbies of the medical and insurance industries and the representatives of a handful of severely-injured victims.”⁸⁰

3. *Victims’ Damage Awards are not a Substantial Cause of the Medical Malpractice Insurance Crisis, and Damage Caps are not an Effective Cure for the Rising Cost of Health Care.*—The rationale for caps on damages appears to be, at least in part, that the large amount of damages awarded in medical malpractice cases has led to the medical malpractice insurance crisis, which in turn has led to the skyrocketing costs of healthcare nationwide. However, there are statistics which indicate that medical insurance costs are not a substantial cause of the astronomical increases in the cost of health care.⁸¹ Data also suggests that tort reform has not been successful in decreasing the cost of medical malpractice insurance nor in decreasing the costs of health care to consumers.⁸² Thus, the lobbyists’ argument that the public will ultimately be the beneficiaries of such caps falls short.

Indirectly, the costs of defensive medicine practiced in fear of high damages awarded in malpractice suits may contribute to increases in the cost of health care; however, this effect cannot be quantitatively determined.⁸³ Because the United

79. “In medical malpractice, one very powerful class of people creates and imposes risks on another, relatively powerless class . . . As a practical matter, severely injured patients are not an identifiable or organized interest group that can assert its claims in the Legislature.” SYLVIA A. LAW & STEVEN POLAN, *PAIN AND PROFIT: THE POLITICS OF MALPRACTICE* 145 (1978).

80. Willis, *supra* note 18, at 1349.

81. See Rasor, *supra* note 59, at 119.

During the period of increase in medical malpractice premiums, the total bill for malpractice insurance only accounted for 0.9% in 1983 and 1.22% in 1985 of the total national health care cost. In 1989, premiums were less than one percent of the total health care cost and that fell by another four percent in 1991. During this most recent decline in the costs of malpractice insurance, health care costs have “skyrocketed.” Recent data suggests that the cost of medical malpractice suits, as exhibited through malpractice premiums, has little effect on the total cost of health care in the United States.

Id. (footnotes omitted).

82. See Cleckley & Hariharan, *supra* note 61, at 30-33.

83. See Rasor, *supra* note 59, at 119.

The U.S. Department of Health, Education and Welfare, Commission on Medical Malpractice, defined “defensive medicine” as “the alteration of modes of medical practice, induced by the threat of liability, for the principal purpose of forestalling the possibility of lawsuits by patients as well as providing a good and legal defense in the event such lawsuits are instituted.” . . . [this] does not include alterations in medical practices that may result from fear of a later malpractice suit but that are also medically justified.

Id. (quoting STEVEN E. PENGALIS & HARVEY F. WACHSMAN, *AMERICAN LAW OF MEDICAL MALPRACTICE* § 2.9 at 49 (2d ed. 1992)).

States Department of Health, among others, has recognized the impropriety of the practice of defensive medicine,⁸⁴ legislatures should not consider this effect when assessing the costs and benefits of medical malpractice legislation.

In equal protection analysis, the result hinges on the amount of deference a court gives to the legislature in its determination that a health care crisis exists and that their selected remedy is effective at resolving it.⁸⁵ Some commentators have determined that "the size and frequency of medical malpractice claims have little effect on the cost of malpractice insurance; . . . the cost of medical malpractice insurance contributes only slightly to the cost of health care,"⁸⁶ and that other factors, instead, are responsible for the increases in medical malpractice insurance and health care costs.⁸⁷ If these claims are correct, any level of scrutiny short of complete deference (no scrutiny at all) might lead to a finding that damage caps violate equal protection.⁸⁸ Even if individual jury awards are assumed to be too high, the evidence of the effectiveness of damage caps in reducing the costs of malpractice insurance or health care is at least conflicting.⁸⁹ "Courts should not

84. See Rasor, *supra* note 59, at 120.

85. *Id.* at 130-31. Despite the fact that statutory reforms, including damage caps, had been in place for nearly ten years in some states, the General Accounting Office found that in the period "[f]rom 1983 to 1985, total medical malpractice insurance costs for physicians and hospitals rose from \$2.5 billion to \$4.7 billion." U.S. GEN. ACCOUNTING OFFICE, MEDICAL MALPRACTICE: INSURANCE COST INCREASED BUT VARIED AMONG PHYSICIANS AND HOSPITALS 2 (1986), *microformed on* GAO Doc. No. 1.13:HRD-86-112 (U.S. Gov't Printing Office). This was higher than the Consumer Price Index.

86. Rasor, *supra* note 59, at 131. See also Frank A. Sloan, *State Responses to the Malpractice Insurance "Crisis" of the 1970s: An Empirical Assessment*, 9 J. HEALTH, POL., POL'Y & L. 629, 643 (1985).

87. See, e.g., James S. Cline & Keith A. Rosten, *The Effect of Policy Language on the Containment of Health Care Cost*, 21 TORT & INS. L.J. 120, 136 n.1 (1985) (stating that these factors included: "federal funding in 1946 of hospital construction, which led to an oversupply and therefore a tendency to over-utilize hospitals; an increase in the number of physicians available to provide medical services . . . ; advanced and much more expensive technology and equipment; increased longevity; . . . and a general lack of competition in the health care industry, coupled with little incentive on the part of the consumer to reduce costs"); Cleckley & Hariharan, *supra* note 61, at 20 n.31 (suggesting that defensive medicine contributed to the increases in the costs of health care) (citing Karen S. Edwards, *Defensive Medicine: Health Care with a Pricetag*, 81 OHIO ST. MED. J. 38 (1985)). Some have suggested that the high number of incompetent and negligent doctors is the cause of the high cost of malpractice insurance. *Id.* at 53-60.

88. Cleckley & Hariharan state a similar position: "There is no rational relationship between punishing victims of medical malpractice and lowering the cost of medical malpractice insurance or health care costs in general. The only relationship that exists between these issues is a lobbying relationship." Cleckley & Hariharan, *supra* note 61, at 70.

89. See, e.g., Jane C. Arancibia, Note, *Statutory Caps on Damage Awards in Medical Malpractice Cases*, 13 OKLA. CITY U. L. REV. 135, 142 (1988); Marshall B. Kapp, *Solving the Medical Malpractice Problem: Difficulties in Defining What "Works,"* 17 LAW, MED. & HEALTH CARE 156, 158-59 (1989). See also *Attorneys Fight Change on Medical Malpractice*, BOSTON

shrink from their duty to protect the minority behind a vague notion of deference to legislatures, especially in an area of traditional judicial cognizance, namely the right of injured individuals to seek redress in the courts.”⁹⁰ However, in practice, the level of scrutiny appears to be outcome determinative; when low scrutiny is applied, damage caps are upheld.⁹¹

4. *The Tort System's Goals of Increasing the Quality of Care and of Compensating Tortfeasors' Victims are Ravaged by Damage Caps.*—

a. *The quality of health care in the United States will not be sufficiently protected if those responsible for injury are not liable for all of the damages they cause.*—The courts should also consider the tort system's traditional role of increasing the quality of care through deterrence.⁹² Public Citizen, an advocacy group, reports that between 150,000 and 300,000 people each year are victims of physicians' negligence.⁹³ It has been estimated that 10,000 people die annually from the negligent administration of anesthesia.⁹⁴ Nearly 20% of patients leave the hospital with a condition that they did not have when they arrived.⁹⁵ The percentage of patients who die from complications of surgery attributable to malpractice may be as high as 35%, and nearly 50% of postoperative complications have been attributed to malpractice.⁹⁶ The quality of care in the United States is below that of several other developed nations, and the tort system (and the threat of liability) has been a motivating factor toward improvements in that care.⁹⁷ Damage caps may even encourage “more low quality doctors to enter the field” and “reduce the level of effort and care taken to prevent the incidence

GLOBE, Aug. 9, 1993, at 6 (“Caps on noneconomic damages have not had the dramatic impact that supporters think.”) (statement of Clifford D. Stromberg, Chairman, ABA Working Group on Health Care Reform).

90. Rasor, *supra* note 59, at 131.

91. See, e.g., *Hoffman v. United States*, 767 F.2d 1431, 1437 (9th Cir. 1985) (upholding damage caps under rational basis review); *Fein v. Permanente Med. Group*, 695 P.2d 665, 684 (Cal. 1985); *Adams v. Children's Mercy Hosp.*, 832 S.W.2d 898, 905 (Mo. 1992).

92. Rasor, *supra* note 59, at 135. Rasor also stated that:

The primary purpose of the tort system is to provide compensation to individuals who have been wrongly injured according to society's standards. Assuring the availability of health care is not the province of the tort system. The focus of tort reform should concentrate more heavily on: (1) providing fair and prompt compensation to injured patients, (2) improving the quality of care, and (3) enhancing the physician-patient relationship.

Id. at 132.

93. See John F. Bales, *Medical Malpractice Developments*, in HEALTH CARE REFORM LAW INSTITUTE 563, 621-22 (PLI, Comm. Law Practice Course Handbook Series No. 700, 1994) (citing PUBLIC CITIZEN'S HEALTH RESEARCH GROUP, 10,289 QUESTIONABLE DOCTORS (1993); PUBLIC CITIZEN'S HEALTH RESEARCH GROUP, COMPARING STATE MEDICAL BOARDS (1993)).

94. See Don Sperling, *The Dark Side of Medical Care*, USA TODAY, May 12, 1988, at D4.

95. *Id.*

96. *Id.*

97. See Rasor, *supra* note 59, at 135.

of malpractice.”⁹⁸

The real problems that legislatures should address are the number of negligent and incompetent physicians and the profession’s inadequate self-regulation.⁹⁹ Further, insurance companies could reduce their costs, and thus the premiums they charge, by changing from group premium rates to an experience rated premium.¹⁰⁰ With experience rated premiums, the performance of each physician would be monitored; those whose performances were consistently inadequate would be priced out of the market and the public would be protected from their continued malpractice. If physicians had more effective self-regulation, if insurance companies used experience rated premiums, and if these industries were held responsible for the full amount of damages they caused, quality control could be effectuated simultaneously with lower premiums for proficient physicians. In contrast, “[t]ort reform that simply creates barriers to bringing valid negligence suits frustrates the needed deterrent value our tort system should provide.”¹⁰¹

b. Damage caps result in those victims’ most severely injured receiving inadequate compensation in order to benefit the doctors who have caused the harm.—One of the tort system’s main objectives is to compensate victims of those who have breached their standard of care and caused harm. Damage caps in medical malpractice acts create classifications that result in discrimination between those who are less severely injured and those who are more severely injured and between the victims of medical malpractice and all other tort victims.¹⁰² Medical malpractice damage caps also create a special privilege for physicians, discriminating against all other tortfeasors.¹⁰³ These classifications deny those adversely classified (those most severely injured, victims of medical malpractice, and nonmedical tortfeasors) equal protection of the laws, and they destroy one of the tort system’s primary goals—to compensate victims.

“[E]qual protection, if approached in all candor, is a matter of morality and justice. . . . Purpose and rationality are simply means of organizing and displaying considerations relevant to a moral decision.”¹⁰⁴ Thus, the question, no matter what

98. Cleckley & Hariharan, *supra* note 61, at 59-60. Law and economics professionals generally agree that in order to have the most efficient, cost effective deterrence, the parties responsible for harm should bear the full cost, including noneconomic injuries, of the harm they cause. WILLIAM M. LANDIS & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF TORT LAW* 186-87 (1987).

99. Cleckley & Hariharan, *supra* note 61, at 66.

100. *Id.* at 57-58.

101. Rasor, *supra* note 59, at 136. As one commentator succinctly stated: “[W]e cannot sacrifice human lives so that a handful of incompetent doctors can afford to buy expensive cars.” Cleckley & Hariharan, *supra* note 61, at 18.

102. Willis, *supra* note 18, at 1338. *See also* Fein v. Permanente Med. Group, 695 P.2d 665, 682 (Cal. 1985); Jones v. State Bd. of Med., 555 P.2d 399, 411 (Idaho 1976); Carson v. Maurer, 424 A.2d 825, 830 (N.H. 1980).

103. *See* Willis, *supra* note 18, at 1339; Carson, 424 A.2d at 830.

104. Torke, *supra* note 2, at 320, 322. For a view suggesting moral issues are better decided by the courts than the legislature, see MICHAEL J. PERRY, *THE CONSTITUTION, THE COURTS, AND*

phraseology the courts use, should be whether it is just and moral for the burden of noneconomic caps on recovery to fall on victims with high damages, while simultaneously benefiting the physicians who caused the harm and the insurance industry which has contracted and been paid to shoulder the risk of these damages.¹⁰⁵ Although this "moral" question does not present the courts with a "test" as such, as a factor in the courts' analyses, its answer clearly should guide their consciences toward the conclusion that these caps should not stand.¹⁰⁶

5. *States' Constitutions are Unique from the Federal and Subject to Broader Interpretation.*—State constitutions are more code-like and explicit than the U.S. Constitution, and therefore they are inherently more susceptible to expansive readings.¹⁰⁷ Where a state court uses minimal scrutiny, it may be abdicating its role as interpreter of the state's constitution and the principles upon which its constitution was founded.¹⁰⁸ The language of state constitutions often differs from the Fourteenth Amendment's terms. The state courts are more closely tied to their communities. They are more likely to be aware of the size and power of the lobbyists in their states, the realities of whether damage caps are necessary or effective, and what best serves the purposes of their tort systems.¹⁰⁹

HUMAN RIGHTS 100 (1982), stating: "In any recent generation, certain political issues have been widely perceived to be fundamental moral issues as well Our electorally accountable policymaking institutions are not well suited to deal with such issues in a way that is faithful to the notion of moral evolution"

105. From 1976 to 1983, the proportion of the average physician's gross income necessary to pay malpractice premiums decreased from 4.4% to 3.69%. Sylvia A. Law, *A Consumer Perspective on Medical Malpractice*, 49 LAW & CONTEMP. PROBS. 305, 308 (1986).

106. The use of conscience or morality as a factor in a court's analysis is demonstrated in *Duren v. Suburban Community Hosp.*, 495 N.E.2d 51, 56 (Ohio, C.P. Cuyahoga County 1985) wherein the court stated that the "scheme of shifting responsibility for loss from one of the most affluent segments of society [, i.e., doctors,] to those who are most unable to sustain that burden, i.e., horribly injured or maimed individuals, is not only inconceivable, but shocking to [the] conscience."

107. See Lawrence Schlam, *State Constitutional Amending, Independent Interpretation, and Political Culture: A Case Study in Constitutional Stagnation*, 43 DEPAUL L. REV. 269, 276-77 (1994).

108. See Willis, *supra* note 18, at 1349.

109.

Once the Warren Court had developed expansive interpretations of citizens' federal constitutional rights, state courts had no incentive to vindicate rights under the state constitution—even if litigants had been feckless enough to claim them. During this period, raising state constitutional issues became futile. Thus, the "social consensus" in favor of the federal Constitution arose to fulfill a need that no longer exists; today, the states' constitutions frequently offer *more* protection than their federal counterpart. Increasing reliance on state constitutions is simply a return to normalcy. . . . For those of us who believe that the nation is too large a polity ever to achieve meaningful community, the recent weakening of distinctive state identities argues *for* a vital state constitutionalism as a restorative tonic.

C. Caps on Noneconomic Damages

A number of legislatures have enacted medical malpractice acts which contain caps on noneconomic damages.¹¹⁰ These states limit the amount of recovery a victim of malpractice can be compensated for inconvenience, physical impairment, and pain-and-suffering.¹¹¹

Schuman, *supra* note 49, at 280. Schuman also argues for state constitutionalism because he found "recent *federal* constitutionalism to be impoverished—not because it is increasingly conservative, but because it is increasingly petulant, shrill, formulaic, and intellectually incoherent." *Id.* at 277 n.18 (emphasis in original).

110. *E.g.*, CAL. CIV. CODE § 3333.2 (West 1996) (\$250,000 limit on noneconomic damages in medical malpractice actions); COLO. REV. STAT. ANN. § 13-21-102.5 (West 1989 & Supp. 1996) (\$250,000 limit on noneconomic damages in medical malpractice actions, unless the plaintiff presents clear and convincing evidence of such damages, in which case the limit is \$500,000); MASS. GEN. LAWS ANN. ch. 231, § 60H (West Supp. 1996) (\$500,000 limit on noneconomic damages "per incident" unless there is a finding of "a substantial or permanent loss or impairment of a bodily function or substantial disfigurement, or other special circumstances"); MD. CODE ANN., CTS. & JUD. PROC. § 11-108 (1995 & Supp. 1996) (\$500,000 cap on noneconomic damages); MICH. COMP. LAWS ANN. § 600.1483 (West 1996) (\$280,000 limit on noneconomic damages in medical malpractice actions unless the victim has permanent paralysis, has permanently impaired cognitive capacity, or permanent infertility, in which case the cap on noneconomic damages is \$500,000); MO. ANN. STAT. § 538.210 (Vernon 1988 & Supp. 1997) (\$350,000 limit on noneconomic damages in medical malpractice actions per defendant and per occurrence); W. VA. CODE § 55-7B-8 (1994 & Supp. 1996) (\$1,000,000 limit on noneconomic damages in medical malpractice actions); WIS. STAT. ANN. § 893.55(4) (West 1997) (\$350,000 per occurrence limit on noneconomic damages in medical malpractice actions, adjusted to reflect changes in the consumer price index).

111. *See* Wesley Leonard & Marcia B. Stevens, Note, *Legislative Limitations on Medical Malpractice Damages: The Chances of Survival*, 37 MERCER L. REV. 1583, 1585 (1986). The American Law Institute defines pain and suffering as follows:

Pain and suffering is a term that actually covers a number of categories of nonpecuniary loss, the most important of which are the following:

- (1) Tangible physiological pain suffered by the victim at the time of injury and during recuperation
- (2) The anguish and terror felt in the face of impending injury or death
- (3) The immediate emotional distress and long-term loss of love and companionship resulting from the injury or death of a close family member.
- (4) Most important, the enduring loss of enjoyment of life by the accident victim who is denied the pleasures of normal personal and social activities because of his permanent physical impairment

Steven P. Croley & Jon D. Hanson, *The Nonpecuniary Costs of Accidents: Pain-and-Suffering Damages in Tort Law*, 108 HARV. L. REV. 1785, 1789 n.11 (1995) (quoting 2 AMERICAN LAW INSTITUTE, ENTERPRISE RESPONSIBILITY FOR PERSONAL INJURY 199-200 (1991) (footnotes omitted)).

Compensating victims of malpractice for the often substantial decrease in the quality of life they suffer seems rational. There is no reason to believe that a legislature's broad assessment of the maximum value of all cases is more rational or fair than the jury system's case-by-case assessment of damages. If a trial court determines that the jury award is above the reasonable maximum amount justified by the facts of the case, or not "within the bounds of reasonable inference from the evidence,"¹¹² then the court, depending on the jurisdiction, is likely to have the option of remittitur. Using remittitur, the judge conditionally orders a new trial unless the plaintiff agrees to accept a lesser amount of damages which the judge determines is reasonable.¹¹³ Using this device, the question of unreasonably high jury awards is evaluated on a case by case basis, in light of the evidence, and is not simply answered by an across the board arbitrary limit set by the legislature and the lobbyists. "It is intriguing to question why belief in the . . . excessiveness of non-economic damages [is] so widespread and why many authors and policymakers have failed to recognize the flimsy or contrary evidence"¹¹⁴ Caps on noneconomic losses arbitrarily discriminate against those most severely injured. Furthermore, they are unlikely to effectuate their intended purpose of lowering malpractice insurance premiums and health care costs. Some states, recognizing this, have struck down such caps as violative of their states' equal protection provisions.

1. *Cases Using Independent Three-tiered Analysis Involving Caps on Noneconomic Damages.*—Most state courts using an independent tiered analysis have not gone so far as to use strict scrutiny when they face an equal protection challenge to a medical malpractice act.¹¹⁵ State courts have generally held that the right to bring an action is not fundamental and that malpractice victims are not a suspect class.¹¹⁶ Thus, courts using the tiered analysis have either used the rational

112. *Glazer v. Glazer*, 278 F. Supp. 476, 481-82 (E.D. La. 1968) (quoting *Miller v. Maryland Cas.*, 40 F.2d 463, 465 (2d Cir. 1930)). See also *Bonera v. Sea Land Serv.*, 505 F.2d 665, 669 (5th Cir. 1974) (remission allowed only if verdict was above the maximum award which is reasonably supported by the evidence).

113. See *Gorsalitz v. Olin Mathieson Chem. Corp.*, 429 F.2d 1033, 1047 (5th Cir. 1970); *Glazer*, 278 F. Supp. at 481-82.

114. Neil Vidmar, *Empirical Evidence on the Deep Pockets Hypothesis: Jury Awards for Pain and Suffering in Medical Malpractice Cases*, 43 DUKE L.J. 217, 263 (1993).

115. Willis, *supra* note 18, at 1339. See, e.g., *Jones v. State Bd. of Med.*, 555 P.2d 399, 410 (Idaho 1976); *Everett v. Goldman*, 359 So. 2d 1256, 1266 (La. 1978); *Carson v. Maurer*, 424 A.2d 825, 830 (N.H. 1980). For rare examples of courts applying strict scrutiny to medical malpractice acts, see *Kenyon v. Hammer*, 688 P.2d 961, 975 (Ariz. 1984) (holding that, under the Arizona Constitution, the right to bring and pursue a medical malpractice action was fundamental); *Galloway v. Baton Rouge Gen. Hosp.*, 602 So. 2d 1003, 1005 (La. 1992) (holding that "[b]ecause the Act 'constitutes a special legislative provision in derogation of general rights available to tort victims' it must be strictly construed" (quoting *Head v. Erath Gen. Hosp.*, 458 So. 2d 579, 581-82 (La. Ct. App. 1984))).

116. Willis, *supra* note 18, at 1339. See, e.g., *Jones*, 555 P.2d at 410; *Everett*, 359 So. 2d at 1266; *Carson*, 424 A.2d at 830.

basis or intermediate scrutiny test when evaluating whether damage caps are violative of their equal protection provisions.¹¹⁷ When they use the rational basis test, the courts' rationale generally includes the idea that the legislature is better equipped to deal with and decide social and economic issues.¹¹⁸ When courts determine that an intermediate classification is more appropriate, the presumption is that important rights are at issue and should not be infringed unless the means and ends of the legislation bear a substantial relationship to each other.¹¹⁹ Courts using this level of review have at times questioned whether there was in fact a health care crisis.¹²⁰

In *Carson v. Maurer*, utilizing intermediate scrutiny, the New Hampshire Supreme Court determined that because the right to recover for personal injuries was an important right, the legislature's \$250,000 limit on noneconomic damages violated New Hampshire's equal protection provisions.¹²¹ The court looked to see whether the legislative means (i.e., classification through damage caps) were reasonable rather than arbitrary, and whether these means had a close and substantial relationship to the legislative objectives of stabilizing the risks to malpractice insurers and of reducing the cost of such insurance.¹²²

The New Hampshire court concluded that the relationship between the legislative goal and means was weak and unfair, and therefore the legislation failed to meet the "fair and substantial" relationship test.¹²³ The classification was deemed unfair because it placed the burden of loss, and thereby the burden of supporting the medical industry, on those most severely injured.¹²⁴ The court determined that the relationship between the means and ends was weak because the number of plaintiffs suffering noneconomic damages above the limit were few, and because damage awards were only negligibly contributing to the costs of malpractice insurance premiums.¹²⁵ Thus, the court, applying an intermediate level of review, decided that the classifications created by caps on noneconomic damages were not reasonable. Because they did not bear a close and substantial relationship to the stabilization of malpractice insurance and health care costs, they

117. Willis, *supra* note 18, at 1339.

118. *Id.*

119. *Id.* See, e.g., *Carson*, 424 A.2d at 830 (right to recover for personal injuries is sufficiently important to require intermediate scrutiny).

120. Willis, *supra* note 18, at 1340. See, e.g., *Arneson v. Olson*, 270 N.W.2d 125, 136 (N.D. 1978) (determining that there was insufficient evidence of an actual medical malpractice crisis in North Dakota).

121. *Carson*, 424 A.2d at 838 (holding that N.H. REV. STAT. ANN. § 507-c (1979) (the damage cap provision) violated the state's equal protection guarantees under N.H. CONST. art. I, §§ 2, 12). See also *Brannigan v. Usitalo*, 587 A.2d 1232 (N.H. 1991) (holding that a subsequently enacted higher cap on noneconomic damages (\$875,000) also violated New Hampshire's equal protection provisions).

122. *Carson*, 424 A.2d at 831.

123. *Id.* at 838.

124. *Id.* at 836.

125. *Id.*

violated New Hampshire's equal protection provisions under its independent tiered analysis.¹²⁶

On the other hand, in *Fein v. Permanente Medical Group*, the California Supreme Court applied the minimal scrutiny test to a statutory cap on noneconomic damages in a medical malpractice case.¹²⁷ The court determined that the cap was reasonably related to reducing the costs of malpractice insurance and that "[a]lthough reasonable persons can certainly disagree as to the wisdom of this provision, we cannot say that it is not rationally related to a legitimate state interest."¹²⁸ The *Fein* court did not consider whether the damage caps effectuated their purported end; the court concluded that the choice of means and the determination that the necessity for action existed were decisions for the legislature.¹²⁹ Although the California courts have interpreted their equal protection provisions to provide broader protection than the federal provisions in some cases,¹³⁰ their continued reliance on a tiered analysis, as applied to noneconomic damage caps, has resulted in no greater protection than that afforded by the traditional federal analysis.¹³¹

2. *Cases Using an Independent Single-test Analysis Involving Caps on Noneconomic Damages.*—The Supreme Court of Alabama struck down a statute that limited noneconomic damages to \$400,000 as violative of its equal protection provisions under an independent single-test analysis.¹³² The victim had been given a shot in an inappropriate location which resulted in a loss of feeling in her fingers and later caused injury leading to gangrene and amputation. The court noted that the burden of a noneconomic injury is no less real than an economic injury, in that, to "a child who has been paralyzed from the neck down, the only compensation for a lifetime without play comes from noneconomic damages."¹³³

The Alabama test, under its equal protection provision, was whether the classification was reasonably related to the legislative ends and whether the benefit

126. *Id.* at 838.

127. 695 P.2d 665, 682 (Cal. 1985) (holding that CAL. CIV. CODE § 3333.2 (West Supp. 1997), which capped noneconomic damages, did not violate either the federal or state constitution). It is interesting to note that this cap has remained at \$250,000 since its adoption in 1975.

128. *Id.* at 681 (footnote omitted). The court noted that even though victims will likely receive lower damages, it is well established that "the Legislature retains broad control over the measure, as well as the timing, of damages that a defendant is obligated to pay and a plaintiff is entitled to receive." *Id.* at 680.

129. *Id.* at 680, 683.

130. *See, e.g.,* *Serrano v. Priest*, 557 P.2d 929, 949-50 (Cal. 1976) (*Serrano II*).

131. On appeal, the U.S. Supreme Court dismissed the case because they found it involved no federal question. *See Fein v. Permanente Med. Group*, 474 U.S. 892 (1985). *See also* Willis, *supra* note 18, at 1346-47, stating: "In dismissing the appeal . . . the Supreme Court affirmed the holding of the California Supreme Court on its merits and elevated *Fein* to the level of controlling [federal] precedent."

132. *Moore v. Mobile Infirmary Ass'n*, 592 So. 2d 156, 170 (Ala. 1991).

133. *Id.* at 169 (quoting *Fein v. Permanente Med. Group*, 695 P.2d 665, 689 (Cal. 1985) (Bird, C.J., dissenting)).

society gained from the Act outweighed the burden which it imposed on private rights.¹³⁴ The court found that the legislative purpose of increasing the availability of health care did not outweigh the burden placed on those most severely injured by the classification.¹³⁵ They also determined that the statute created “favored subclasses within the favored class by shielding those health care providers whose actions are the most egregious.”¹³⁶ The court assessed the likely effectiveness of the statute (and similar statutes in other states) in reaching its purported end and found that the relationship between the cost of health care and the cap on damages was attenuated and remote.¹³⁷ Thus, recognizing that the right to noneconomic damages was an important right, that those most egregiously injured would not be compensated, that the deterrence effect of malpractice actions would be decreased by the caps, and that the caps were unlikely to aid in the achievement of their purported goal, the court concluded that the caps on noneconomic damages were unreasonable and violated the state’s constitution under its independent single-test analysis.¹³⁸

3. *Cases Using the Traditional Federal Analysis Involving Caps on Noneconomic Damages.*—The Missouri Supreme Court, in *Adams v. Children’s Mercy Hospital*,¹³⁹ followed the traditional federal analysis in upholding a cap on noneconomic damages. The Missouri statute limited the amount of noneconomic damages in a medical malpractice case to \$350,000.¹⁴⁰ In this case, an anesthesiologist was found culpable by the jury for giving an eight-year-old girl too much saline solution, causing brain damage, epilepsy, and blindness. The jury had awarded the girl \$13,905,000 in noneconomic damages. The court held that the legislature’s objective of procuring affordable health care was rationally related to this classification.¹⁴¹ The court analogized this limitation on recovery to the legislature’s power to abrogate completely a cause of action.¹⁴² This analogy seems to miss the whole point of the equal protection challenge; the legislature cannot abrogate a cause of action for only some similarly situated persons—at least not without some “rational basis” for its classification. Nevertheless, applying the traditional tiered analysis, the court determined that this cap on noneconomic damages did not violate equal protection.

The Ninth Circuit in *Hoffman v. United States*¹⁴³ similarly applied the minimal scrutiny test to a statute limiting noneconomic damages. The court found that the

134. *Moore*, 592 So. 2d at 166.

135. *Id.* at 167.

136. *Id.* at 166-67.

137. *Id.* at 167-69.

138. *Id.* at 169.

139. 832 S.W.2d 898 (Mo. 1992).

140. MO. ANN. STAT. § 538.210 (West 1996).

141. *Adams*, 832 S.W.2d at 907.

142. *Id.* (“If the legislature has the constitutional power to . . . abolish causes of action, [it] also has the power to limit recovery in those causes of action.”)

143. 767 F.2d 1431, 1437 (9th Cir. 1985). Under the Federal Tort Claims Act, the law of the state where the claim against the United States arose applies. 28 U.S.C. § 1346(b) (1994).

damage cap was rationally related to a legitimate state purpose, showing extreme deference to the legislature by accepting its determination that a crisis existed and that the cap would be an effective means to limit the rising cost of malpractice insurance.¹⁴⁴ The court only required that the legislature have a "plausible belief" in the existence of the problem and that its means would effectuate some solution; it did not require the legislature to show that its presumptions were factually based.¹⁴⁵ Thus, under the traditional tiered analysis, the cap on noneconomic damages withstood an equal protection challenge.

D. Caps on Total Recovery

The arguments made for and against caps on total recovery are similar to those pertaining to noneconomic damage caps. The caps on total recovery appear to be even more egregious than caps on noneconomic damages. These caps may result in a victim of malpractice not being compensated for all of the medical expenses resulting from her injury or for other out-of-pocket costs resulting from the malpractice. In addition, the measure of actual damages is less likely to be speculative than a calculation of noneconomic damages.¹⁴⁶ The argument that caps are necessary because a jury might overcompensate a victim rings hollow when the damages involved are concretely quantifiable and the caps are below this amount. Those most severely injured will sustain this onerous price.

A government report in 1993 found that about one-half of all proceeds involved in a plaintiff's medical malpractice case do not go to the plaintiff, but rather are spent in administrative costs and legal fees.¹⁴⁷ Although this information is used as an argument in favor of damage caps, it further reveals the drastic results caused by caps on total recovery. A successful victim with high damages and a long, drawn-out case may end up owing her attorneys more than she receives. Although cases taken on a contingency basis may decrease this possibility, many malpractice acts have also limited contingency fees. Thus, the number of attorneys willing to take cases on contingency has also decreased. The possibility that a victim will owe more than she receives is not illusory. These caps will deter the most egregiously harmed victims from bringing suits, and those physicians whose malpractice results in the most exorbitant harm will not be subject to legal sanctions. The effective weeding out of the inept, and the subsequent increase in the quality of care patients receive, will not occur. The quality control purpose of

144. *Hoffman*, 767 F.2d at 1437.

145. *Id.*

146. Most proponents note that when caps on total damages are compared to caps on noneconomic damages, noneconomic damages appear "speculative in nature and susceptible to manipulation by juries motivated to overcompensate a sympathetic plaintiff." Amanda E. Haiduc, Note, *A Tale of Three Damage Caps: Too Much, Too Little and Finally Just Right*, 40 CASE W. RES. L. REV. 825, 830 (1990).

147. OFFICE OF TECHNOLOGY ASSESSMENT, U.S. CONGRESS, IMPACT OF LEGAL REFORMS ON MEDICAL MALPRACTICE COSTS (1993), *microformed on* OTA Doc. No. BP-H-119 (U.S. Gov't Printing Office).

the states' tort systems is too important to be discarded because powerful interest groups have managed to get legislation enacted for their benefit.

1. *Cases Using Independent-Tiered Analysis Involving Caps on Total Recovery.*—The Supreme Court of North Dakota, applying an intermediate level of review in *Arneson v. Olson*, determined that a \$300,000 cap on all claims arising from the same occurrence violated both the state and federal equal protection provisions.¹⁴⁸ The test that the *Arneson* court used for its intermediate analysis was expressed by the court as “whether there is a sufficiently close correspondence between [the] statutory classification and legislative goals.”¹⁴⁹ The legislative purpose set out by the statute included the assurance of “the availability of competent medical and hospital services,” to eliminate “the expense involved in nonmeritorious malpractice claims,” to assure “adequate compensation to patients with meritorious claims,” and to encourage qualified physicians to move to and remain in the state.¹⁵⁰ The court determined that the statute did not effectuate these enumerated ends.¹⁵¹ The court also found that the statute did not provide adequate compensation to those with meritorious claims; it limited recovery to those most seriously injured and most in need of compensation.¹⁵² The court noted that those most severely injured often have normal life expectancies, yet now must incur the cost of “care around the clock.”¹⁵³

The *Arneson* court dismissed the government's argument that the classification was justified because of some equalizing quid pro quo analysis, whereby the victims' loss of recovery is offset by the state populace's gain in lower insurance and medical costs.¹⁵⁴ The court concluded that the limitation was

148. 270 N.W.2d 125, 136 (N.D. 1978). The court determined that section 26-40.1-11 of the North Dakota Century Code (repealed 1983) violated article I, section 20 of the North Dakota Constitution. The court compared the Act to an automobile guest statute challenge, in which the court had applied an intermediate level of scrutiny. For its federal analysis the court distinguished this case from *Duke Power Co. v. Carolina Envtl. Study Group*, 438 U.S. 59 (1978), by finding that in this case, unlike *Duke Power*, there was a “strong possibility” of victims suffering damages above the cap. *Arneson*, 270 N.W.2d at 135 n.6.

149. *Arneson*, 270 N.W.2d at 135.

150. N.D. CENT. CODE § 26-40.1-01 (1978) (repealed 1983). The statute further provided that “[t]he legislative assembly finds that the exercise of the sovereign and police power of this state for the good of the majority of its citizens is necessary to improve the availability of medical care, to assure its competence, and to reduce the cost thereof.” *Id.*

151. *Arneson*, 270 N.W.2d at 135.

152. *Id.* “Furthermore, the very seriously injured malpractice victim, because of the recovery limitation, might be unable to recover even all the medical expenses he might incur, in which event he would recover nothing for any other loss suffered.” *Id.* at 136 (quoting *Wright v. Central Dupage Hosp. Assoc.*, 347 N.E.2d 736, 742 (Ill. 1976)).

153. *Id.*

154. *Id.* at 136. “This *quid pro quo* does not extend to the seriously injured medical malpractice victim” *Id.* (quoting *Wright*, 347 N.E.2d at 742).

arbitrary¹⁵⁵ and did “nothing toward the elimination of nonmeritorious claims.”¹⁵⁶ Although the court conceded that the Act might induce physicians to practice in the state, it concluded that the expense of this end was paid for by those with valid claims who would be unable to recover for their injuries.¹⁵⁷ The court determined that the trial court’s finding that there was no crisis in North Dakota, in terms of the availability or cost of malpractice insurance, was not clearly erroneous. Thus, in light of the harms of the classification, there was not a “sufficiently close correspondence between statutory classification and legislative goals”¹⁵⁸ for the cap on total recovery to avoid violation of the state constitution under its independent tiered review.¹⁵⁹

The Idaho Supreme Court in *Jones v. State Board of Medicine* directed the trial court on remand to apply an intermediate level of review to a statute limiting total damages against physicians to \$150,000 per claim and \$300,000 per occurrence of medical malpractice.¹⁶⁰ The *Jones* court found that where, on its face, a statute was discriminatory and where the classification chosen and the professed purpose lacked an apparent relationship, higher scrutiny was warranted.¹⁶¹ The court noted that there were other explanations for losses in the insurance industry, including stock market reversals and the chosen investment strategies of the insurance industries themselves.¹⁶²

The Idaho court concluded that there was not a factual basis in the record for understanding the nature and scope of the alleged medical malpractice crisis nationally or in Idaho. It is thus impossible for this Court to assess the necessity for this legislation and whether or not the limitations on medical malpractice recovery set forth in the Act bear a fair and substantial relationship to the asserted purpose of the Act.¹⁶³

The court thus seemed to be calling for the legislature to prove not only the existence of a crisis, but also to show that its measures would be effective in reaching the statute’s avowed purpose. Absent such a showing, under its independent tiered analysis through which this court elevated its scrutiny of caps on total recovery to an intermediate level, the Act would not withstand an equal protection challenge.

2. *Cases Using Independent Single Test Analysis Involving Caps on Total Recovery.*—The Alabama Supreme Court in *Smith v. Schulte*, applying the same

155. *Id.*

156. *Id.* at 135-36.

157. *Id.* at 136. (“One comparison of rates given to the Legislature shows that premiums in North Dakota are the sixth lowest in the United States.”).

158. *Id.* at 135.

159. *Id.* at 135-36.

160. 555 P.2d 399, 411, 416 (Idaho 1976).

161. *Id.* at 411.

162. *Id.* at 413.

163. *Id.* at 413-14.

independent single test it laid out in *Moore*,¹⁶⁴ struck down a cap on total recovery as violative of its equal protection provisions.¹⁶⁵ The victim in the case was injured when an endotracheal tube had been negligently placed through her esophagus and into her stomach instead of into her lungs. The tube was left there long enough to cause oxygen deprivation causing her brain to swell out of its cavity and leading to her death. Although the trial court had agreed that the jury award was supported by the evidence, it reduced that verdict to the maximum allowed by an Alabama statute.¹⁶⁶

Basing its conclusion solely on state provisions, the *Smith* court concluded that the benefit of this legislation to society did not outweigh the burden it placed on private individuals.¹⁶⁷ The court stated that in Alabama, “citizens enjoy a fundamental right not to be deprived of liberty and life as a consequence of fatal malpractice,” and “representatives of victims of fatal malfeasance, acting as agents of the citizen body, need to vindicate the abridgment of that interest.”¹⁶⁸ The court thus seemed to recognize the deterrent function of the tort system as a persuasive factor in its analysis. One classification created by the statute that the court was particularly concerned with, was the creation of subclasses “according to the reprehensibility of the defendant’s conduct, that is, by separating those tort-feasors whose conduct warrants damages in excess of the cap from those whose conduct does not.”¹⁶⁹

The *Smith* court was also persuaded by the statistics cited in *Moore*, which indicated that there was little, if any, correlation between damage caps and lowering the cost of health care—in part because malpractice insurance was a comparatively small expense of health care providers, with little effect on prices paid by consumers.¹⁷⁰ Because the right to recover was deemed “fundamental” by the court, and because the statistics indicated a remote relationship between the classifications and the statute’s professed ends, the court determined that the benefit to society was not justified by the burden on private rights; thus, under its independent single-test analysis, the cap on total recovery in medical malpractice actions violated Alabama’s equal protection guarantees.¹⁷¹

In *Lucas v. United States*,¹⁷² the Texas Supreme Court struck down a damage cap on total recovery.¹⁷³ The court did not base its decision on “equal protection”

164. See *supra* Part III.C.2.

165. 671 So. 2d 1334 (Ala. 1995), *cert. denied*, 116 S. Ct. 1849 (1996).

166. *Id.* at 1336-37 (applying ALA. CODE § 6-5-547 (1975), which limited total damages to \$1,000,000 against a health care provider).

167. *Id.* at 1342.

168. *Id.* at 1338-39.

169. *Id.* at 1339.

170. *Id.* at 1339-41.

171. *Id.* at 1342.

172. 757 S.W.2d 687 (Tex. 1988).

173. The statute limited the liability of health care providers to \$500,000 with exceptions for the costs of necessary medical and custodial care. TEX. REV. CIV. STAT. ANN. art. 4590i §§ 11.02-03 (West 1986).

provisions, but instead found that the cap violated the open court provisions of the Texas Constitution.¹⁷⁴ The analysis used by the court, however, was remarkably similar to other states' use of an independent single test for equal protection; the court cited to several state cases which have struck down caps on equal protection grounds.¹⁷⁵ The test the court used to determine whether the damage cap violated the open court provisions was whether the victim "has a cognizable common law cause of action that is being restricted . . . [and whether he can] show that the restriction is unreasonable or arbitrary when balanced against the purpose and basis of the statute."¹⁷⁶

The *Lucas* court found that it was unreasonable and arbitrary to restrict the recovery of those catastrophically injured by medical malpractice in a "speculative experiment" to see if insurance rates would decrease.¹⁷⁷ In reaching this conclusion, the court found that there was insufficient data to indicate that these caps would effectively lower insurance rates or the cost of health care.¹⁷⁸ Furthermore, the uniqueness of the Texas Constitution and its importance in protecting individual liberties was also persuasive to the court.¹⁷⁹ Because the burden of this cap was sustained by those most severely injured who had an important common law right to recovery, the court found that the cap was unfair and unreasonable and therefore violated Texas' open court provisions.¹⁸⁰

Although the Texas court did not profess to be applying equal protection provisions to this cap on total recovery, the rationales and terminology it used are difficult to discern from such an analysis. The court may have chosen its open court provisions to avoid confusion with the federal analysis.¹⁸¹ This seems likely because the case came to them as a certified question from a federal appellate court that had already determined that the Act did not violate the Fourteenth Amendment.¹⁸² However, the Texas Constitution may simply contain language less conducive to an express equal protection analysis. In any case, the result is that Texans were protected, equally, from damage caps on total recovery.

3. *Cases Using the Traditional Federal Analysis Involving Caps on Total Recovery.*—State decisions applying the minimal scrutiny test usually find that the statutory damage caps do not violate their own constitutions or the Federal Constitution.¹⁸³ The Indiana Supreme Court, prior to its recent decision to break

174. *Lucas*, 757 S.W.2d at 692.

175. *Id.* at 688-91.

176. *Id.* at 690 (quoting *Sax v. Votteler*, 648 S.W.2d 661, 666 (Tex. 1983)).

177. *Id.*

178. *Id.* at 691.

179. *Id.* at 692.

180. *Id.* (agreeing with *Carson v. Mauerer*, 424 A.2d 825 (N.H. 1980)).

181. The court noted that "there is no provision in the federal constitution corresponding to our constitution's 'open courts' guarantee." *Id.* at 690.

182. *Id.* at 688. The federal case which determined that the cap did not violate the Fourteenth Amendment was *Lucas v. United States*, 807 F.2d 414 (5th Cir. 1986).

183. Willis, *supra* note 18, at 1343.

from the federal analysis in *Collins v. Day*,¹⁸⁴ provided a typical example of such analysis in *Johnson v. St. Vincent Hospital, Inc.*¹⁸⁵ Although the *Johnson* court used language similar to that of an intermediate scrutiny analysis, it actually applied a minimal scrutiny test.¹⁸⁶ The court presumed that the statute limiting recovery to \$500,000 was constitutional and required the plaintiff to bear the burden to refute any conceivable basis which might justify the legislature's limit on malpractice damages.¹⁸⁷

The *Johnson* court relied in part on the U.S. Supreme Court's precedent of *Dandridge v. Williams*, in finding that, because this was a challenge to a social and economic regulation, the minimal scrutiny test was appropriate.¹⁸⁸ The court also rationalized its decision by citing to *Sidel v. Majors*,¹⁸⁹ in which the Indiana Supreme Court deferred to the state legislature's enactment of a statute limiting the recovery allowed by guest passengers who sued negligent drivers. The *Johnson* court determined that the minimal scrutiny test was appropriate because the interest of a malpractice victim was not greater than either the guest passenger in *Sidel* or the welfare children in *Dandridge*.¹⁹⁰ Because of the deference given to the legislature when applying this minimal scrutiny test, the court concluded that the damage cap statute did not violate equal protection.¹⁹¹

Although the likelihood of a malpractice victim winning a suit under the minimal scrutiny test is slim, at least one state has invalidated a cap while presumably applying this test. In *Arneson v. Olson*,¹⁹² the Supreme Court of North Dakota found a \$300,000 cap on total recovery to violate the equal protection provisions of both the state and federal constitutions.¹⁹³ Although the court appeared to be applying an intermediate level of review, when it found that the statute violated the Fourteenth Amendment, it seems logical to assume, although

184. 644 N.E.2d 72, 75 (Ind. 1994) ("[T]here is no settled body of Indiana law that compels application of a federal equal protection analytical methodology to claims alleging special privileges or immunities . . . [and Indiana's equal protection provisions] should be given independent interpretation and application."). The effect of this decision on the constitutionality of Indiana's Malpractice Act's damage caps remains to be seen.

185. 404 N.E.2d 585 (Ind. 1980).

186. Willis, *supra* note 18, at 1343 (arguing that "the *Johnson* court applied minimal scrutiny and did not actually require a 'fair and substantial relationship' despite having articulated such a test").

187. *Johnson*, 404 N.E.2d at 600 (citing *Lehnhausen v. Lake Shore Auto Parts Co.*, 410 U.S. 356 (1973)).

188. *Id.* at 600 (citing *Dandridge v. Williams*, 397 U.S. 471 (1970)). The *Dandridge* Court applied minimal scrutiny to a statute under which welfare families with five or more children received the same amount of federal aid no matter how many additional children they were actually required to support.

189. 341 N.E.2d 763 (Ind. 1976).

190. *Johnson*, 404 N.E.2d at 600.

191. *Id.* at 601.

192. 270 N.W.2d 125 (N.D. 1978).

193. See *supra* note 148 and accompanying text.

it was not articulated, that the court also found that the cap violated equal protection under the federal rational basis analysis. If so, this rational basis test had more bite than it does as traditionally applied.

IV. EFFECT OF NEW JUDICIAL FEDERALISM IN EQUAL PROTECTION CASES

As exhibited in the previous section, the effect of states' independent interpretation of equal protection pertaining to damage caps has been varied. The results are, however, more promising for victims than challenges in those states treating their equal protection provisions as mere repetitions of the federal provision. Although both methods of independent interpretation (following tiered analysis, but treating more classifications as suspect or quasi-suspect, and a single test analysis) have been successful in striking down damage caps, states following the tiered analysis run the risk of reviewing the classification under the lowest level of review, which provides no greater protection than that afforded by traditional federal analysis. In contrast, those states with a single test analysis generally treat all classifications as warranting some review (often comparable to an intermediate analysis), which may be more promising for those wishing to challenge damage caps.

Justices Marshall and Stevens have provided some insight into a useful test state courts could apply. Both suggested abandoning the tiered analysis and reviewing each case on its own merits rather than arbitrarily placing the classification in an outcome-determinative level of review. The questions that Justice Stevens offers to help determine a court's level of scrutiny¹⁹⁴ could be viewed as an express articulation of the factors relevant to the determination, in Justice Marshall's view, of how close the burdened right is associated with a constitutional right (which for Justice Marshall determines the level of review on a sliding scale). "By emphasizing the invidious nature of the classifications, the Marshall model also takes into account historical prejudice, stereotypes, political powerlessness, and immutability. As in the Stevens model, however, these factors are balanced against constitutional and societal interests."¹⁹⁵

Both Justices Marshall and Stevens, in effect, look to a test which will balance the actual importance of the interests involved. As the individual interest which is burdened becomes more important, the means used appear less rational if the burden is not outweighed by a governmental interest. If state courts were to apply either the Marshall or Stevens analysis to damage caps, given the ineffectiveness of the caps and the importance of the rights involved, the courts would likely strike the caps as violative of equal protection.

Often, states use judicial opinions from other states when reviewing equal protection challenges to similar damage cap acts.¹⁹⁶ Some states, currently

194. See *supra* Part I.D.

195. John D. Wilson, Comment, *Cleburne: An Evolutionary Step in Equal Protection Analysis*, 46 MD. L. REV. 163, 192 (1986).

196. See, e.g., *Moore v. Mobile Infirmary Ass'n*, 592 So. 2d 156, 158 (Ala. 1991); *Arneson*, 270 N.W.2d at 135-36; *Carson v. Maurer*, 424 A.2d 825, 833 (N.H. 1980).

interpreting their own equal protection provisions as the equivalent of federal provisions, might be persuaded to use an independent interpretation by the arguments in the opinions of other states' appellate courts. If states currently using the traditional federal analysis choose to afford more protection to their citizens through an independent interpretation,¹⁹⁷ the results may not assure all damage caps are struck down, but the probability of a successful challenge will increase from implausible to possible.

CONCLUSION

Regardless of the outcome of the debate on health care reform, the business of medicine is changing. The main impact on medical malpractice insurance and victims' compensation has resulted from actions and inactions on the part of the state legislatures and state courts. State courts should not blindly defer to the legislature by applying the traditional federal analysis in areas affecting such important rights as the right to recover from the person who caused the harm.¹⁹⁸ The political process offers insufficient protection to victims because doctors and insurance companies are organized and have vast resources to lobby state legislatures. Potential victims do not. Thus, the political checks on the legislature will be ineffective in this area. Furthermore, exorbitant jury awards are not a significant cause of the insurance crisis or health care costs, and caps on damages are not an effective or fair cure. The tort system's goals of deterring malpractice, and thus increasing the quality of care, and of compensating victims are frustrated

197. See, e.g., *Ledbetter v. Hunter*, 652 N.E.2d 543, 549 (Ind. Ct. App. 1995) (remanding a case challenging the statute of limitation in Indiana's Malpractice Act—an issue seemingly settled in *Johnson v. St. Vincent Hospital, Inc.*, 404 N.E.2d 585 (Ind. 1980)—due to the Indiana Supreme Court's announcement in *Collins v. Day*, 644 N.E.2d 72, 75 (Ind. 1994), that the state and federal equal protection analyses were no longer synonymous). See also *Martin v. Richey*, 674 N.E.2d 1015, 1019-23 (Ind. Ct. App. 1997) (holding IND. CODE § 27-12-7-1(b), medical malpractice statute of limitation, unconstitutional); Eleanor D. Kinney & Myra C. Selby, *History and Jurisprudence of the Physician-Patient Relationship in Indiana*, 30 IND. L. REV. 263, 265 n.18 (1997).

198. Robert Lockaby, Jr. suggested that the states should have a substantial role in determining whether a medical malpractice statute violated equal protection:

Most state courts give considerable deference to the state legislatures' specific declarations in statutes that such a crisis does exist and that the substantive portions of the statute are intended to alleviate that crisis. A better approach for those courts that have yet to decide the issue would be, however, to take a more skeptical attitude toward the evidence presented by the medical profession and the insurance industry and toward the conclusion reached by the state legislature regarding the existence of a crisis. . . .

. . . Proper scrutiny of the constitutional validity of state legislation demands more than a perfunctory deferral to the legislature's conclusions regarding the existence of a health care crisis in the particular state.

Robert Lockaby, Jr., Comment, *Constitutional Challenges to Medical Malpractice Review Boards*, 46 TENN. L. REV. 607, 645 (1978).

by the institution of damage caps.¹⁹⁹ State constitutions are unique and more susceptible to a broader interpretation resulting in more protection for its citizens.²⁰⁰ State judiciaries must ensure that their citizens are equally protected from damage caps in medical malpractice legislation.²⁰¹ In order to accomplish this, they must interpret their equal protection provisions independently, each considering their own state's history, values and realities.

199.

Medical malpractice damage caps increase the probability of a patient suffering negligent injury or death by a treating doctor. This is the unfortunate consequence of attempting to control the cost of malpractice insurance through damage caps. . . . Lives have been saved and permanent injuries averted because of the pressure placed on doctors by the threat of large verdict awards. Removing this threat is tantamount to intentionally killing or permanently injuring untold numbers of American citizens. No government can legitimately turn against its people in this manner

Cleckley & Hariharan, *supra* note 61, at 60.

200. The Texas Supreme Court aptly explained the importance of the uniqueness of state constitutional rights:

While state constitutions cannot subtract from rights guaranteed by the United States Constitution, state constitutions can and often do provide additional rights for their citizens. The federal constitution sets the floor for individual rights; state constitutions establish the ceiling. . . .

Like the citizens of other states, Texans have adopted state constitutions to restrict governmental power and guarantee individual rights. . . . Our constitution has independent vitality, and this court has the power and duty to protect the additional state guaranteed rights of all Texans. By enforcing our constitution, we provide Texans with their full individual rights and strengthen federalism.

LeCroy v. Hanlon, 713 S.W.2d 335, 338-39 (Tex. 1986) (citations and footnote omitted).

201. Ronald Ellis reminds us that:

Justice Marshall believed in the rule of law, and he pressed our courts to make justice a reality for people who otherwise had little reason to believe in it. During the first part of his tenure on the Court, there was cause for optimism. More recently, some have expressed concern that the Court has embarked on a course of retrenchment. Justice Marshall was not the kind of advocate to admit defeat; instead, he took such setbacks as a challenge to develop more creative legal approaches. That is an important lesson for all of us who carry on his work.

Ronald L. Ellis, *In Memory of Thurgood Marshall*, 68 N.Y.U. L. REV. 215, 220 (1993).

PHOTOCOPYING AND FAIR USE: EXPLORING THE MARKET FOR SCIENTIFIC JOURNAL ARTICLES

BRIAN T. STER*

INTRODUCTION

Section 107 of the Copyright Act of 1976 recognizes the judicially created doctrine of fair use, which may be used as a defense in a suit for copyright infringement.¹ The doctrine is defined on a case-by-case basis by the evaluation of four factors that are listed in the statute. Those factors are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the material copied; and (4) the effect of the use upon the potential market for or value of the copyrighted work.² Although no simple definition of the doctrine can be formulated, generally the "use must be of a character that serves the copyright objective of stimulating productive thought and public instruction without excessively diminishing the incentives for creativity."³ At one time, most employees of corporations engaged in research and development assumed that the practice of photocopying articles from scientific journals fell within this definition. However, a recent ruling by the Second Circuit, which affirmed the decision of the district court, has drastically changed that line of thinking.⁴

American Geophysical Union and eighty-two other publishers of scientific journals brought a class action against Texaco for its unauthorized photocopying of their articles.⁵ The publishers had registered their journals with the Copyright Clearance Center ("CCC"), a nonprofit organization founded to act as a clearinghouse for individuals and entities that want to make photocopies of copyrighted articles.⁶ Texaco claimed, among other defenses, that the photocopying was protected as fair use.⁷ The district court, after a bench trial limited solely to the issue of fair use, found Texaco's actions were not fair use.⁸ Perhaps the most significant aspect of the Second Circuit's decision is found in its

* J.D. Candidate, 1997, Indiana University School of Law—Indianapolis; B.S. Mechanical Engineering, 1994, Purdue University. The author would like to thank Professor Kenneth D. Crews for his comments on the initial draft of this Note. The author would also like to give special thanks to his wife, Colleen Ster, for her love and support.

1. 17 U.S.C. § 107 (1994).

2. *Id.*

3. See Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1110 (1990).

4. *American Geophysical Union v. Texaco Inc.*, 37 F.3d 881 (2d Cir. 1994), *aff'g* 802 F. Supp. 1 (S.D.N.Y. 1992), *amended and superseded*, 60 F.3d 913 (2d Cir. 1994), *cert. dismissed*, 116 S. Ct. 592 (mem.) (1995).

5. *Texaco*, 60 F.3d at 914.

6. *Id.* at 929 n.16.

7. *Id.* at 914-15.

8. *Texaco*, 802 F. Supp. at 28.

analysis of the fourth statutory fair use factor, the effect on the market. The court not only looked at the potential harm to the sales of the articles copied by Texaco, but it also analyzed potential lost licensing revenues through the CCC.⁹ The problem with this analysis, as Texaco unsuccessfully argued to the court,¹⁰ is the circularity of its reasoning: the court presupposes the publishers' right to demand such fees when determining market effect, but this right is the very question that the fair use trial was to determine. In essence, the decision expanded the traditional concept of what is included in the definition of "the market" when analyzing the fair use doctrine.

This Note examines the relationship between the photocopying of scientific articles and the fourth factor of the fair use defense, the effect on the market. Part I of this Note provides a brief history of copyright law and the fair use defense as it relates to photocopying. Part II contains an analysis of the *Texaco* case and an operational overview of the CCC. Part III of the Note provides an in-depth examination of the fourth statutory factor and looks at what exactly defines "the market" in the fair use analysis. Part IV presents a proposal for altering the current method of analyzing the fourth factor in photocopying cases similar to *Texaco*.

I. HISTORY OF COPYRIGHT LAW AND FAIR USE RELATED TO PHOTOCOPYING

A. Copyright Law Generally

Congress shall have power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."¹¹ This text demonstrates the Framers' view that the activities of authors and inventors are roughly equivalent.¹² The constitutional protection offered to an author is designed to "stimulate activity and progress in the arts for the intellectual enrichment of the public."¹³

Congress has attempted to meet the Framers' objectives by giving the creator of an original work an alienable property right known as a copyright.¹⁴ The first Copyright Act,¹⁵ which was adopted soon after the ratification of the Constitution, has been amended several times and undergone four thorough revisions.¹⁶ Subject to various limitations, the current act gives an author the right "to do and to

9. *Texaco*, 60 F.3d at 927-31.

10. *Id.* at 929.

11. U.S. CONST. art. I, § 8, cl. 8.

12. See Leval, *supra* note 3, at 1108. Leval also points out the utilitarian purpose of the Constitutional text. For example, because the language states that the right may only be conferred "for limited times," the language indicates that the Framers did not view it as an absolute or moral right inherent in natural law. *Id.*

13. *Id.* at 1107.

14. See William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659, 1661-62 (1988).

15. Act of May 31, 1790, ch. 15, 1 Stat. 124.

16. See Fisher, *supra* note 14, at 1662 n.5.

authorize" the following: (1) reproduce copies; (2) prepare derivative works; (3) distribute copies; (4) perform the work; and (5) display the work.¹⁷ Any violation of these exclusive rights of the copyright owner constitutes an infringement.¹⁸ In this manner, copyright law protects the rights of individual copyright holders. However, copyright law, under the direction of the Constitution, must also promote the arts and science. Thus, a tension exists between the constitutional mandate of promoting the arts and science, and the constitutional protection of an individual's property interest in his copyright. This tension has long been recognized. As long ago as 1803, Lord Ellenborough acknowledged this tension when he wrote, "while I shall think myself bound to secure every man in the enjoyment of his copy-right, one must not put manacles upon science."¹⁹

*B. Development of Fair Use: From Folsom v. Marsh to
The Copyright Act of 1976*

The doctrine of fair use developed as one way to ease the tension between the progress of science and rewarding an individual for his work. *Folsom v. Marsh*²⁰ was the first American case to recognize the fair use exception that developed in England in the mid-eighteenth century.²¹ In *Folsom*, the plaintiffs, who had purchased a valid copyright from the author of a set of books containing writings by George Washington, brought suit against a book-selling company and the author of a competing work. The defendants, claiming fair use, admitted at trial that for their version of Washington's autobiography, they had copied 353 pages,

17. The full text of 17 U.S.C. § 106 provides:

Exclusive rights in copyrighted works

Subject to sections 107 through 120, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies or phonorecords; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 106 (1994 & Supp. I 1995).

18. 17 U.S.C. § 501 (1994).

19. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575-76 (1994) (quoting *Carey v. Kearsley*, 170 Eng. Rep. 679, 681 (K.B. 1803) (internal quotation marks omitted)).

20. 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4901).

21. Michael G. Anderson et al., *Market Substitution and Copyrights: Predicting Fair Use Case Law*, 10 U. MIAMI ENT. & SPORTS L. REV. 33, 36 n.21 (1993).

or 5.7%, of the plaintiffs' work.²² The circuit court found the defendants guilty of infringement and rejected their fair use claim.²³ Justice Story stated that large portions from an original work could be cited if the clear purpose was to criticize.²⁴ However, according to the court, if the purpose of the new work was not to criticize, but to supersede the use of the original work, then infringement has occurred.²⁵

Justice Story explained that allowing unlimited copying, when the secondary copying competed with the first use of the original work, would discourage creation of future works.²⁶ Justice Story then stated, in what became the basis for today's fair use test, the following methodology for fair use analysis:

In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.²⁷

With regard to the policy driving the *Folsom* decision, Justice Story refused to consider the general public interest that would be served by the defendants' work.²⁸ Instead, he focused on the fact that the defendants had copied substantially, and had not transformed the copied material into anything substantially new.²⁹ Courts today continue to consider whether the defendant made a transformative use of original materials when analyzing claims of fair use.³⁰ However, in some fair use cases involving areas of key technology, modern courts have departed from Justice Story's approach to consider the public interest served by the defendant's use.³¹

The development of fair use following the *Folsom* decision was anything but a smooth process.³² Because the 1909 Copyright Act³³ contained no reference to fair use, the evolution of this doctrine occurred in the courts alone. With the exception of the Second Circuit,³⁴ courts were likely to find fair use of literary or

22. *Folsom*, 9 F. Cas. at 343.

23. *Id.* at 349.

24. *Id.* at 344.

25. *Id.* at 344-45.

26. *Id.* at 347.

27. *Id.* at 348.

28. See Karen S. Frank & Michael J. Higgins, *Fair Use: In the Courts and Out of Control?*, in *ADVANCED SEMINAR ON COPYRIGHT LAW: 1995*, at 411 (PLI Patents, Copyrights, Trademarks & Literary Prop. Course Handbook Series No. G4-3941, 1995), available in WESTLAW, 411 PLI/PAT, at *6.

29. *Id.*

30. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994); *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 923 (2d Cir. 1994).

31. See Frank & Higgins, *supra* note 28, at *7.

32. See WILLIAM F. PATRY, *THE FAIR USE PRIVILEGE IN COPYRIGHT LAW* 18-20 (1985).

33. Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075.

34. Between 1930 and 1945 the Second Circuit applied the term "fair use" to various

artistic works only where the defendant had copied a minimum of material for the purpose of review or criticism.³⁵

By the 1960s and 1970s, new technology, especially in the field of photocopying, brought new problems to fair use analysis. In 1973, *Williams & Wilkins Co. v. United States*³⁶ effectively ended the pre-1976 era of fair use cases. In *Williams*, a case with factual similarities to the *Texaco* case,³⁷ the plaintiff charged the Department of Health, Education, and Welfare, through the National Institute of Health (NIH) and National Library of Medicine (NLM), with copyright infringement based on their practice of photocopying medical journal articles for users of their libraries.³⁸ Typically researchers requested the copies to assist them in their own projects or to simply have the articles available for background reading.³⁹ Even though each library placed restrictions on the photocopying, the combined amount of copying for both libraries easily totaled over one million pages per year.⁴⁰ In response to the plaintiff's charge of infringement, the defendant libraries asserted the affirmative defense of fair use.

After weighing Justice Story's four fair use factors, the court in *Williams* concluded that the defendants' practice of photocopying articles from medical journals was indeed fair use.⁴¹ The court based its decision on three major propositions. First, the plaintiff did not show substantial harm caused by the NIH and NLM practices.⁴² Second, the court stated that medical research would be injured by a holding of infringement.⁴³ Finally, the court identified the need for legislative guidance on this problem, which Congress was at that time preparing, and stated that, in the interim, the risk of harm should not be placed upon science and medicine.⁴⁴ The court also found it significant that the type of photocopying complained of had occurred ever since the 1909 Act was adopted.⁴⁵ In other words, this type of photocopying had become customary.

examinations that had nothing to do with the traditional concept of the term. PATRY, *supra* note 32, at 62-63. By 1964, though, the Second Circuit had abandoned this shotgun approach and limited fair use to its role as an affirmative defense. *Id.* at 64 n.232.

35. See Frank & Higgins, *supra* note 28, at *8.

36. 487 F.2d 1345 (Ct. Cl. 1973), *aff'd*, 420 U.S. 376 (1975).

37. Of course, factual differences exist also. Most notably, the photocopying done in *Williams* was by nonprofit organizations, unlike the photocopying by *Texaco*, a for-profit entity. See U.S.C. § 107(1) (1994).

38. *Williams*, 487 F.2d at 1346-47.

39. *Id.* at 1348.

40. *Id.* at 1348-49.

41. *Id.* at 1353.

42. *Id.* at 1354.

43. *Id.*

44. *Id.*

45. *Id.* at 1351.

C. Fair Use Following The Copyright Act of 1976

The Copyright Act of 1976⁴⁶ marked the first time that the fair use doctrine had been given a statutory basis. From the beginning of the revision process,⁴⁷ the proposed bill contained a reference to fair use.⁴⁸ Also from the beginning of the process, this reference sparked debate among authors, publishers, educators, and members of Congress.⁴⁹ Even though the House and Senate Subcommittees finally agreed on the language to be used, they never agreed upon exactly what that language meant. The subcommittees instead agreed to leave the language intentionally vague, and Congress adopted the compromise verbatim.⁵⁰

The fair use language as ultimately adopted simply attempted to "restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way."⁵¹ The fair use provision reads as follows:

§ 107. Limitations on exclusive rights: Fair use

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

46. Pub. L. 94-553, 90 Stat. 2541 (codified as amended in scattered sections of 17 U.S.C. (1994 & Supp. I 1995)).

47. Revision of the Copyright Act began in 1955 with 35 Congressionally funded studies on copyright issues. See Jessica D. Litman, *Copyright, Compromise, and Legislative History*, 72 CORNELL L. REV. 857, 872 (1987). The legislation which eventually became the Copyright Act of 1976 began as a proposed bill in 1964. The act had an effective date of January 1, 1978. Frank & Higgins, *supra* note 28, at *10.

48. See Frank & Higgins, *supra* note 28, at *10.

49. See Litman, *supra* note 47, at 875-76.

50. *Id.* at 877.

51. Anderson et al., *supra* note 21, at 37.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.⁵²

The preamble of this section lists examples of assertions that might warrant successful fair use claims.⁵³ Section 107 does not, and does not purport to, provide a bright line test for fair use; instead, it merely lists factors to be considered on a case-by-case basis.⁵⁴ The statutory language left the determination of how these factors should be applied, and the relative weight that should be given to each, up to the courts. This legislative decision has led to inconsistent application of the four statutory factors.⁵⁵ Judge Leval, the district court judge in *Texaco* who is considered a fair use and copyright law authority, states that these factors are not a "score card that promises victory to the winner of the majority."⁵⁶ Instead, he believes that the factors direct courts to ask in each case whether a finding of fair use would serve or disserve the objectives of copyright law.⁵⁷

By use of the words "shall include," the statute also makes clear that these four factors do not comprise an exclusive list.⁵⁸ Courts may choose to consider other, non-listed factors and even give those more importance than the original four.⁵⁹

D. Fair Use and Photocopying

As mentioned previously, advancing technology in the field of photocopying brought document reproduction to the forefront of fair use cases.⁶⁰ The applicability of the fair use doctrine to photocopying may be divided into three distinct categories. The first category is photocopying by libraries and archives. Section 108 of the Copyright Act⁶¹ provides a special exemption, apart from the concept of fair use, for this type of photocopying.⁶² A special set of suggested guidelines set forth in the legislative history of the Copyright Act cover the next category, photocopying by educational institutions.⁶³ The final category is

52. 17 U.S.C. § 107 (1994).

53. See Anderson et al., *supra* note 21, at 37.

54. See 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[A], at 13-156 to 13-158 (1996) [hereinafter NIMMER].

55. See Scott M. Martin, *Photocopying and the Doctrine of Fair Use: The Duplication of Error*, 39 J. COPYRIGHT SOC'Y U.S.A. 345, 348-49 (1992).

56. Leval, *supra* note 3, at 1110.

57. *Id.* at 1110-11.

58. See Jay Dratler, Jr., *Distilling the Witches' Brew of Fair Use in Copyright Law*, 43 U. MIAMI L. REV. 233, 257-58 (1988).

59. *Id.*

60. See *supra* text accompanying notes 36-45.

61. 17 U.S.C. § 108 (1994).

62. *Id.* For a discussion of this type of photocopying, see Martin, *supra* note 55, at 354-64.

63. H.R. REP. No. 94-1476, at 68-70 (1975), reprinted in 1976 U.S.C.C.A.N. 5659, 5681-

83. For a discussion of this type of photocopying, see Robert Kasunic, *Fair Use and the Educator's Right to Photocopy Copyrighted material for Classroom Use*, 19 J.C. & U.L. 271 (1993).

photocopying by businesses. The *Texaco* decision and this Note address this type of photocopying. Beyond the language of § 107, no special guidelines or provisions address this category. If a corporation operates a library, then the § 108 exemption could apply. However, that section requires that the library's collection either be open to the public or be available, not only to the researchers of the institution, but also to others doing research in the field for the exemption to apply.⁶⁴ In most cases of corporate photocopying, including *Texaco*, these strict limitations eliminate corporate libraries from the § 108 exemption.

Claims of fair use for photocopying in the business environment generally have arisen in four areas. The first two areas, photocopying of newsletters for internal circulation purposes⁶⁵ and photocopying by professional duplication businesses,⁶⁶ have both been the subject of recent cases. The *Texaco* case raises issues within the final two areas, photocopying for circulation within the corporation and the use of self-service copiers.

II. CASE ANALYSIS

A. *Facts of the Texaco Case*

In 1985, the plaintiffs, American Geophysical Union and eighty-two other publishers of scientific, technical, and medical journals, supported by the Association of American Publishers, brought a class action for copyright infringement against Texaco, Inc. in the Southern District of New York. The plaintiffs publish copyrighted material under assignment from authors. These publishers alleged that employees of Texaco had infringed their copyrights by making unauthorized photocopies of articles from their journals.⁶⁷

Texaco, one of the largest corporations in the United States, engages in all aspects of the petroleum business from exploration to retail marketing.⁶⁸ As part of its business, Texaco conducts significant scientific research to improve and develop its products and processes.⁶⁹ Texaco employs between 400 and 500

64. 17 U.S.C. § 108 (1994).

65. See generally *Television Digest, Inc. v. United States Tel. Ass'n*, 841 F. Supp. 5 (D. D.C. 1993) (nonprofit trade association's copying of newsletter for distribution to staff members did not fall within fair use defense); *Pasha Publications, Inc. v. Enmark Gas Corp.*, No. CIV.A. 3-92-CV0027-G, 1992 WL 70786 (N.D. Tex. Mar. 10, 1992) (multiple photocopying and fax transmission to district offices by for-profit corporation not fair use).

66. See *Princeton Univ. Press v. Michigan Document Servs.*, 99 F.3d 1381 (6th Cir. 1996) (copying excerpts from copyrighted books to produce "coursepacks" for college student use not fair use); *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. 1991) (also holding on similar facts that such a practice was not fair use).

67. *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 914 (2d Cir. 1994), *cert. dismissed*, 116 S. Ct. 592 (mem.) (1995).

68. *American Geophysical Union v. Texaco Inc.*, 802 F. Supp. 1, 4 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994), *amended and superseded*, 60 F.3d 913 (2d Cir. 1994).

69. *Id.*

scientists and engineers at six research centers in the United States and spends over \$80 million per year in research alone.⁷⁰ During the relevant time period, Texaco, in order to support its research activities, subscribed to numerous scientific and technical journals, including some published by various plaintiffs to the class action.⁷¹ As part of their research process, Texaco scientists regularly made, or caused to be made, photocopies of articles to be kept in their personal files and used in the laboratory during the course of their work.⁷² This practice of photocopying scientific articles, a standard practice in the industry, served many functions, including awareness of new learning, suggestion of new ideas, avoidance of previous experimentation shown to be unsuccessful, and, most importantly, circulation of the original journals among colleagues within the corporation.⁷³

Texaco asserted several defenses to the plaintiffs' complaint, including the defense of fair use.⁷⁴ Because it appeared to the parties that the litigation could likely be resolved once the fair use issue was adjudicated, they decided to limit the initial trial to this issue alone.⁷⁵ In order to avoid enormous discovery expenses, the parties also agreed to limit the trial to the files of a randomly selected Texaco scientist, Donald Chickering, II, Ph.D.⁷⁶ Dr. Chickering's files were found to contain a number of photocopies from several journals, but the plaintiffs limited the trial to copies of eight complete articles from the *Journal of Catalysis* found in the files.⁷⁷

Academic Press, the publisher of *Catalysis*, is a wholly-owned subsidiary of Harcourt Brace Jovanovich, Inc., the nation's largest scientific and medical book and journal publisher.⁷⁸ Articles published in *Catalysis* are unsolicited, and Academic Press does not pay authors for the right to publish an article.⁷⁹ Authors who submit their articles to the journal's editors are informed that if the article is selected for publication, then the copyright shall be assigned to Academic Press.⁸⁰

Academic Press sells *Catalysis* at two subscription rates: (1) the institutional

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.* at 4-5. The district court also stated that such photocopying permitted scientists to maintain easily referenced personal files, avoided the need for repeated trips to the library, and eliminated the risk of error from a transcription. *Id.* at 5.

74. *Id.* at 4.

75. *Texaco*, 60 F.3d at 915. Trial was submitted to the court on a written record limited to the question of fair use under § 107. *Texaco*, 802 F. Supp. at 5.

76. *Texaco*, 802 F. Supp. at 5.

77. *Id.* *Catalysis* is "the change in the rate of a chemical reaction brought about by often small amounts of a substance that is unchanged chemically at the end of a reaction." *Id.* (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 350 (3d ed. 1976) (internal quotation marks omitted)).

78. *Id.* at 6.

79. *Id.*

80. *Id.*

rate, which is charged to both for-profit and nonprofit institutions; and (2) the individual rate which is one-half the institutional rate.⁸¹ The Texaco facility where Dr. Chickering worked had purchased one subscription to *Catalysis* until 1983, two subscriptions until 1988, and finally three subscriptions after 1988.⁸² Past articles that appeared in *Catalysis* could be obtained in three ways. First, Academic Press offered back issues for sale separately for three years and as annual volumes thereafter.⁸³ Second, reprints could be obtained, but only with a minimum order of 100 copies.⁸⁴ Finally, Academic Press also offered authorization to photocopy articles from *Catalysis* through the CCC.⁸⁵ The CCC, a nonprofit clearing-house, grants blanket permission for a fee to photocopy copyrighted material and then forwards the fees to the copyright owners.⁸⁶

At the relevant time, the CCC offered two principal methods to obtain permission to photocopy articles: the Transactional Reporting Service ("TRS"), which required the user to keep track of its copies and pay the required fees; and the Annual Authorization Service ("AAS"), a blanket license that allowed the user to make all necessary photocopies for one yearly fee.⁸⁷ Most large corporations that have registered with the CCC, including eleven major petroleum companies as of 1991, utilize an AAS license.⁸⁸ Texaco, however, had registered for a TRS license.⁸⁹ For the purpose of the limited issue trial, Texaco did not contend that it had paid for Chickering's copies through its TRS license or in any other manner; instead, Texaco claimed that making these photocopies was protected as fair use and, as such, no payment was necessary.⁹⁰

Of the eight *Catalysis* articles that were the focus of the trial, Dr. Chickering became aware of six of them when Texaco's copies of the periodical were circulated to him.⁹¹ Chickering learned of the other two articles upon seeing a reference to them in another published article.⁹² He did not use any of the articles immediately upon copying, and he never used five of the articles.⁹³

81. *Id.* at 7.

82. *Id.*

83. *Id.*

84. *Id.* These orders take an average of three weeks to be filled. *Id.*

85. *Id.*

86. *Id.* See detailed discussion of the CCC *infra* Part II.D.

87. *Texaco*, 802 F. Supp. at 7-8.

88. *Id.* at 8-9.

89. *Id.* at 25 & n.23. In fact, plaintiffs alleged that Texaco was underreporting the number of photocopies its scientists made, therefore committing infringement. The original complaint did not allege infringement of any particular work, only that Texaco must have been infringing something based on its low reporting. Judge Leval's decision to let the case proceed is considered pathbreaking. See William Patry, *American Geophysical Union v. Texaco, Inc.: Copyright and Corporate Photocopying*, 61 BROOK. L. REV. 429, 431 & n.14 (1995).

90. *Texaco*, 802 F. Supp. at 25 & n.23.

91. *Texaco*, 60 F.3d at 915.

92. *Id.* at 915-16.

93. *Id.*

B. Fair Use Analysis of the Courts

1. *Judge Leval's District Court Decision.*—In a comprehensive opinion, Judge Leval of the U.S. District Court for the Southern District of New York held that Texaco's photocopying did not constitute fair use.⁹⁴ Judge Leval analyzed each of the four fair use factors and weighed equitable considerations. Judge Leval's analysis is summarized in this Note because of the extreme weight it was given by the majority of the court of appeals. However, only a cursory review of factors one through three is included, because this Note focuses on the fourth factor.

Under the first factor of fair use analysis, purpose and character of the use, Judge Leval held Texaco's photocopying was neither transformative nor productive.⁹⁵ With regard to the commercial/noncommercial distinction, Judge Leval flatly rejected Texaco's assertion that Dr. Chickering's photocopying was comparable to that in *Williams & Wilkins Co. v. United States*,⁹⁶ for the purpose of advancing science, and held that the research was conducted for commercial gain.⁹⁷ The second fair use factor, the nature of the copyrighted work, weighed in favor of Texaco.⁹⁸ Judge Leval based this decision on the factual nature of the works photocopied.⁹⁹ The third factor, the amount and substantiality of the portion used, was found to "clearly favor the plaintiffs, as Chickering has copied the entirety of the copyrighted articles in question."¹⁰⁰

Under the fourth factor, the effect on the market, Judge Leval again held in favor of the publishers.¹⁰¹ Texaco argued that Academic Press would not receive substantial additional revenues if Texaco ceased to make unauthorized photocopies because Dr. Chickering and the other scientists wanted a photocopy of a specific article, not additional subscriptions or back issues.¹⁰² Texaco contended that its number of subscriptions would not substantially increase because complete issues or volumes were impractical to a scientist in the lab, who wanted a copy on which to scribble notes.¹⁰³ The court found these contentions substantially correct, but also held that the plaintiffs had shown a variety of methods by which Texaco could provide its scientists with copies of articles

94. *Texaco*, 802 F. Supp. at 28. The district court certified its ruling for interlocutory appeal. *Id.* at 30.

95. *Id.* at 13.

96. 487 F.2d 1345 (Ct. Cl. 1973), *aff'd*, 420 U.S. 376 (1975).

97. *Texaco*, 802 Supp. at 16. *See also* Los Angeles News Serv. v. KCAL-TV Channel 9, 108 F.3d 1119 (9th Cir. 1997).

98. *Texaco*, 802 F. Supp. at 16.

99. *Id.* at 17.

100. *Id.*

101. *Id.* at 18.

102. *Id.*

103. *Id.*

promptly and relatively inexpensively while respecting the copyrights.¹⁰⁴ Most notably, the court pointed to the licenses available to Texaco through the CCC as a means of fulfilling its need.¹⁰⁵

Also under the fourth factor, Judge Leval rejected Texaco's argument that Academic Press' growing subscription revenues and large profitability disproved that it was being financially harmed by Texaco's photocopying practices.¹⁰⁶ Judge Leval pointed out that it was not necessary for the copyright owner to show that it had been reduced to poverty; instead, a plaintiff must demonstrate that if the challenged use "should become widespread, it would adversely affect the potential market for the copyrighted work."¹⁰⁷

Judge Leval returned to a discussion concerning the CCC in a section of his opinion entitled "Equitable Rule of Reason."¹⁰⁸ In rejecting Texaco's claims that its photocopying should come within the principles of *Williams & Wilkins Co. v. United States*,¹⁰⁹ Judge Leval pointed directly to the establishment of the CCC.¹¹⁰ The court held that, because of the presence of the CCC, the old concerns of high transaction costs and injury to scientific research were no longer present.¹¹¹

2. *The Decision of the Second Circuit.*—Although based on slightly different reasons, the Second Circuit affirmed the district court decision, two-to-one. The majority went to great lengths to take a narrow view of the issues presented by the case, as evidenced by its issuing of an amended opinion, not once but twice. In responding to concerns raised by the dissent, the majority specifically stated that its decision did not address photocopying for personal use by an individual; instead, the holding was "confined to the institutional, systematic, archival multiplication of copies revealed by the record."¹¹² Like the district court, the court of appeals also examined each of the four fair use factors.

The majority held that the first factor, purpose and character of the use, weighed in the plaintiffs' favor based on the archival nature of Dr. Chickering's photocopying, the commercial use of the copies, and the fact that the use was not transformative.¹¹³ In his dissent, Judge Jacobs disagreed with the majority's analysis of this factor stating that Dr. Chickering's use was "reasonable and

104. *Id.* at 19.

105. *Id.*

106. *Id.* This argument was accepted by the court in *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1357 (Ct. Cl. 1973), where the plaintiff-publisher enjoyed enormous financial success.

107. *Texaco*, 802 F. Supp. at 20 (quoting *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985)).

108. *Id.* at 24. This portion of Judge Leval's opinion seemed better suited to the fourth factor analysis.

109. 487 F.2d 1345 (Ct. Cl. 1973), *aff'd*, 420 U.S. 376 (1975).

110. *Texaco*, 802 F. Supp. at 24.

111. *Id.* at 25-26.

112. *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 931 (2d Cir. 1995).

113. *Id.* at 919-24.

customary,"¹¹⁴ as well as transformative.¹¹⁵ Both the majority and the dissent agreed with Judge Leval's analysis of the second and third factors holding that they weighed in favor of Texaco and the plaintiffs, respectively.¹¹⁶

a. The majority's analysis of the fourth factor.—The majority revised its analysis of the fourth factor, the effect on the market, more extensively than the other sections when it issued the amended opinions.¹¹⁷ At the beginning of the analysis of this factor, the majority stated two crucial points. First, the majority emphasized the importance of focusing on the precise copyrighted works at issue, the eight journal articles, as distinguished from journal issues or bound volumes, and the entire category of defendant's conduct, as opposed to the specific instances of photocopying.¹¹⁸ Second, the majority drew attention to the "distinctive nature and history of 'the potential market for or value of' these particular works."¹¹⁹ Under this point, the majority recognized that, although a traditional market exists for journal issues and volumes, there is neither a traditional market for, nor a clearly defined value of, individual journal articles.¹²⁰ This statement by the majority identified the basic trouble of the analysis, and the underlying premise of this Note. Specifically, how does one analyze the effect that a photocopied work has on the traditional market or defined value of the original, when there is no traditional market or defined value on which to base the analysis?

The majority attacked this problem by first stating that the authors of scientific articles are not seeking to capture the potential financial rewards that originate with their copyrights.¹²¹ Instead, the majority argued that the only reward sought by these authors, who assign their copyrights to the publisher upon publication, is the reward of being published itself and that the possible financial rewards of the copyright serve to motivate the publishers to publish.¹²² The majority then noted that even these publishers have not traditionally provided a simple or efficient means to obtain single copies of individual articles.¹²³

The majority then split its fourth factor discussion into two distinct parts. First, the majority concluded that the evidence concerning sales of additional subscriptions or back issues did not push the fourth factor strongly in the favor of

114. *Id.* at 934 (Jacobs, J., dissenting).

115. *Id.* at 935.

116. *Id.* at 925-26, 932.

117. *See generally* Patry, *supra* note 89, at 447-48 (noting that the revision reflects the far-reaching changes in the fourth factor analysis made by the Supreme Court's recent decision in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994)).

118. *Texaco*, 60 F.3d at 926-27 & n.12.

119. *Id.* at 926-27.

120. *Id.* at 927.

121. *Id.*

122. *Id.* It is true that a high level of prestige flows from a selection for publication; however, the majority overstated the position. Authors of scientific articles may not seek financial reward only because it has never been available. It is difficult to accept the proposition, though, that these authors would not accept compensation if made available to them.

123. *Id.*

either party.¹²⁴ This decision shifted the entire fourth factor analysis to licensing revenues and fees, an area that the court had already admitted contained no traditional market.

With respect to licensing revenues and fees, Texaco argued that the district court's reasoning was faulty because the court assumed that the publishers were entitled to demand and receive licensing royalties for photocopying when that is in fact the question to be determined under fair use.¹²⁵ In rejecting that argument, the majority stated that it is indisputable that a "copyright holder is entitled to demand a royalty for licensing others to use its copyrighted work."¹²⁶ The court added, though, that not every effect on potential licensing revenues should come into the analysis.¹²⁷ Specifically, the majority held that the concept of potential licensing revenues was limited to "only traditional, reasonable, or likely to be developed markets when examining and assessing a secondary use's 'effect upon the potential market for or value of the copyrighted work.'"¹²⁸ The court then stated that the publishers, through the use of the CCC, had created a workable and viable market for institutional users to obtain licenses for the right to produce photocopies which allows potential licensing revenues to be considered.¹²⁹

The majority rejected Texaco's argument that the above analysis was inherently flawed. According to the court,

[t]his notion is not inherently troubling: it is sensible that a particular unauthorized use should be considered "more fair" when there is no ready market or means to pay for the use, while such an unauthorized use should be considered "less fair" when there is a ready market or means to pay for the use. The vice of circular reasoning arises only if the availability of payment is conclusive against fair use.¹³⁰

The majority considered lost revenue especially appropriate in this instance because a CCC license could have been obtained for *Catalysis*.¹³¹ The majority did not decide how the entire fair use analysis would have concluded had this not been the case.¹³²

Finally, the majority listed two ways in which Congress has impliedly suggested that the law should recognize licensing fees for photocopying as part of

124. *Id.* at 928-29. Although the district court determined that Texaco may have purchased a few more journal subscriptions absent the photocopying, the court of appeals noted that those few subscriptions would be weak evidence and only slightly tip the fourth factor toward the plaintiffs. *Id.* at 929 & n.15.

125. *Id.* at 929.

126. *Id.*

127. *Id.*

128. *Id.* at 930 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994)).

129. *Id.*

130. *Id.* at 931.

131. *Id.*

132. *Id.*

the potential market.¹³³ First, the majority pointed to the conditions under which libraries are permitted to make photocopies.¹³⁴ Even though § 108 specifically states that it does not in any way affect the right of fair use,¹³⁵ the majority agreed that the very fact that Congress restricted library photocopying “suggests that Congress views journal publishers as possessing the right to restrict photocopying, or at least the right to demand a licensing royalty from nonpublic institutions that engage in photocopying.”¹³⁶ Second, the majority pointed to the fact that Congress prompted the development of the CCC by suggesting a mechanism be established to license photocopying.¹³⁷ Thus, based primarily on lost licensing revenue, the majority agreed with the district court’s decision that the publishers had shown a substantial harm to the values of their copyrights, and concluded that the fourth factor favored the publishers.¹³⁸

b. The dissent’s analysis of the fourth factor.—In a scathing dissent, Judge Jacobs agreed with the majority position that the fourth factor should be analyzed in two separate categories, journal subscriptions and sales, and licensing revenues and fees,¹³⁹ but he called the adverse effect of Dr. Chickering’s use on the potential market or value of the work illusory.¹⁴⁰

With respect to subscriptions and sales, to a large extent the dissent agreed with the majority’s analysis that when considered alone, this element may barely favor the publishers.¹⁴¹ However, Judge Jacobs pointed out that because Academic Press charged double the normal subscription rate to institutional subscribers, it must have assumed that “unless they are reading *Catalysis* for pleasure or committing it to memory, the scientists will extract what they need and arrange to copy it for personal use before passing along the institutional copies.”¹⁴²

On the subject of potential licensing revenues and fees, Judge Jacobs fully agreed with the majority’s position that this should only be legally cognizable for traditional, reasonable, or likely to be developed markets.¹⁴³ However, in Judge Jacobs’ opinion, the majority’s statement of the law “supports the conclusion that the availability of a CCC license has little to do with fair use.”¹⁴⁴ Specifically, the dissent found the CCC scheme neither traditional nor reasonable, and stated that its development into a real market is still subject to substantial obstacles.¹⁴⁵

Judge Jacobs also recognized the circularity of the argument. He stated:

133. *Id.*

134. *Id.*

135. 17 U.S.C. § 108(f)(4) (1994).

136. *Texaco*, 60 F.3d at 931.

137. *Id.* See discussion *infra* Part II.D.

138. *Texaco*, 60 F.3d at 931.

139. *Id.* at 936 (Jacobs, J., dissenting).

140. *Id.* at 932.

141. *Id.* at 936.

142. *Id.*

143. *Id.*

144. *Id.*

145. *Id.* at 937.

The market will not crystallize unless courts reject the fair use argument that Texaco presents; but, under the statutory test, we cannot declare a use to be an infringement unless (assuming other factors also weigh in favor of the secondary user) there is a market to be harmed.¹⁴⁶

Significant to Judge Jacobs' analysis is the fact that only a fraction of journal publishers have sought to exact these type of fees.¹⁴⁷ Consider the following:

- (a) only thirty percent of the journals subscribed to by Texaco are even covered by a CCC license;
- (b) not all of the publications of each CCC member are covered by CCC licenses; and
- (c) not all of the articles in publications covered by the CCC are even copyrighted.¹⁴⁸

Therefore, even a CCC license would not have guaranteed protection to Texaco, or any other institutional user, from copyright infringement for photocopying a given article.¹⁴⁹

Judge Jacobs then separately considered the transactional and annual CCC licenses. He began by noting the significant transaction costs associated with a transactional license. According to the dissent, these costs included consulting a directory to determine whether the publisher is a CCC member, determining whether the publication is covered by a CCC arrangement, determining whether the article is one in which the publisher holds a copyright, and finally recording each of the above in a log with the date and number of pages copied.¹⁵⁰ The production director for one of the plaintiffs in the case even stated that it was almost impossible to tell which articles may or may not be covered by a copyright.¹⁵¹ This led Judge Jacobs to conclude, in a statement that epitomizes the heart of his dissent, that "the transactional scheme would seem to require that an intellectual property lawyer be posted at each copy machine."¹⁵² According to the dissenting opinion, it may just be easier to copy the material by hand.¹⁵³

Prior to analyzing the annual license, Judge Jacobs noted that this type of license did not offer a safe harbor to an institutional photocopier, including Texaco.¹⁵⁴ Individual publishers of the literally thousands of scientific

146. *Id.*

147. *Id.*

148. *Id.*

149. *Id.*

150. *Id.* Of course, it should be noted that at least some of these inquiries can now be completed online. See discussion *infra* Part II.D.

151. *Texaco*, 60 F.3d at 937 (Jacobs, J., dissenting).

152. *Id.*

153. *Id.*

154. *Id.*

publications in circulation remain free to stand on their own rights.¹⁵⁵ An individual institution cannot possibly negotiate with each of them.¹⁵⁶ Because each publisher's licensing rights have not been made to depend upon whether that publisher participates in the CCC's registration system, the dissent warned of the "beginnings of a total market failure."¹⁵⁷

The dissent also soundly rejected the annual license by addressing each of the main reasons for market viability given by the district court and the majority of the court of appeals. In response to the claim that many of the largest corporations involved in research have CCC annual licenses, Judge Jacobs pointed out that until this case was decided, they had little choice but to be either licensees or defendants.¹⁵⁸ Next, Judge Jacobs rejected the district court's view that the CCC's annual license permits photocopying without the burden of recordkeeping or reporting,¹⁵⁹ by stating that the validity of this argument ignored the rights of the majority of publishers who are not registered with the CCC.¹⁶⁰ Finally, the dissent also rejected the argument that institutions have developed private licensing agreements with individual publishers,¹⁶¹ as not administratively tolerable.

The dissent also rejected the majority's method for avoiding the problem of circular reasoning when analyzing the fourth factor. Judge Jacobs stated that the majority claimed to avoid circular reasoning by not allowing the availability of payment to be conclusive against fair use, but then it declined to decide how fair use would be resolved if no license were available for *Catalysis* articles.¹⁶² The majority found the fourth factor to favor the publishers, not based on lost subscription revenues, but solely because payment was available through the CCC. Thus, the majority fell into its own narrow definition of the vice of circular reasoning.

The dissent then assessed the impact of the majority's decision by stating that "[t]his Court has ended fair-use photocopying with respect to a large population of journals, but the CCC mechanism allows fair-use photocopying only of some of them."¹⁶³ Judge Jacobs criticized the majority opinion for requiring a would-be

155. *Id.*

156. *Id.*

157. *Id.* According to the CCC's own admissions in a February 1992 correspondence between counsel for the CCC and the Antitrust Division of the Justice Department, the mechanism for negotiating a photocopy license often was not even in place and had not adequately met the needs of the market. *Id.* at 938 & n.1.

158. *Id.* at 938.

159. *American Geophysical Union v. Texaco Inc.*, 802 F. Supp. 1, 25 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994), *amended and superseded*, 60 F.3d 913 (2d Cir. 1994).

160. *Texaco*, 60 F.3d at 938 (Jacobs, J., dissenting).

161. For example, AT&T Bell Labs, which is a CCC member, has over 200 private photocopying agreements with publishers covering 350 journals that are not registered with the CCC. Therefore, holders of a blanket license still must deal with AT&T with respect to these journals. *Texaco*, 802 F. Supp. at 25.

162. *Texaco*, 60 F.3d at 938 (Jacobs, J., dissenting).

163. *Id.* at 938-39.

photocopier to always look for a CCC registration, search for private agreements that must be satisfied, copy articles for which licenses are unavailable in either longhand, typescript, or partial photocopy, or just ignore the majority opinion as unworkable.¹⁶⁴ Judge Jacobs ended his dissent by summarizing that the fourth factor favored Texaco because (1) there was no impairment of the publishing revenue from subscriptions or sales, (2) the publishers had already captured additional revenue by charging double the subscription price to institutions, and (3) the market for licensing through the CCC or otherwise was cumbersome and unrealized.¹⁶⁵

C. Effect of the Decision

After the court of appeals handed down its decision, most observers thought this case was destined for the Supreme Court. However, on May 15, 1995, the parties announced a settlement in which Texaco conceded no wrongdoing but agreed to pay a seven-figure dollar amount and a retroactive licensing fee to the CCC.¹⁶⁶ Even though the parties have settled their dispute, speculation about the effect of the Second Circuit's decision has not ended. Obviously the decision will encourage other corporations conducting research to subscribe to a CCC annual license.¹⁶⁷ Beyond that, opinions concerning the scope of the decision vary.

Taken literally, the language of the majority opinion limited the decision to "the particular circumstances of this case"¹⁶⁸ However, shortly after the decision was last amended, at least one article proclaimed a "major victory for copyright owners, particularly publishers of reference materials that have long been routinely copied."¹⁶⁹ Most authors seem to agree that this decision should at least cause corporate employees to give more consideration to their use of the company photocopiers.

Some authorities see a much wider impact.¹⁷⁰ Recall Judge Jacobs' warning that the majority's decision had ended fair use photocopying with respect to a large population of journals.¹⁷¹ Even more extreme are the "parade of horrors"

164. *Id.* at 937-38.

165. *Id.* at 939.

166. *Settlement Reached in Photocopying Suit*, N.Y. L.J., May 16, 1995, at 4. The settlement was announced while Texaco's petitions for certiorari and for rehearing en banc were still pending. Patry, *supra* note 89, at 451. Texaco also agreed to enter into a standard annual agreement with the CCC for the next five years. *Id.*

167. Patry, *supra* note 89, at 450.

168. *Texaco*, 60 F.3d at 914.

169. Linda Pickering, *Texaco Trims "Fair Use" Doctrine*, N.J. L.J., July 24, 1995, at Supp. 17, 17 (quoting David E. Sloan & Bob Kahrl, *Rear Window*, MULTIMEDIA L. REP., July 1995, at 16).

170. See Laura N. Gasaway, *Wide Impact Seen For Photocopying Case*, NAT'L L.J., Aug. 16, 1993, at 21, 21; Gloria C. Phares, *The Unlicensed Photocopying of Copyrighted Works: 'Texaco' Deals Blow to For-Profit Businesses*, J. PROPRIETARY RTS., Sept. 1992, at 11.

171. See *supra* text accompanying note 163.

type possibilities found in the appellate briefs of the case itself:

- (a) corporate libraries could cancel journal subscriptions wholesale;
- (b) academic and public libraries could be flooded with researchers from the corporate world because business libraries have been closed;
- (c) public libraries will be forced to exclude business users from reproducing single photocopies of articles because they work at for-profit companies.¹⁷²

Regardless of the view taken, the importance of the *Texaco* decision seems clear. This case has altered the relationship between photocopying and fair use to a large segment of users, and this decision will not provide the final word on this issue.

D. The Copyright Clearance Center

At the center of the debate over the analysis of the effect on the market for the copyrighted work in the *Texaco* decision is the CCC. The CCC was established by authors, publishers, and photocopy users in 1977 as a nonprofit Reproduction Rights Organization ("RRO") for the United States.¹⁷³ It was created in response to a Congressional recommendation that an efficient mechanism be set up to license photocopying.¹⁷⁴ The CCC, headquartered in Massachusetts, was essentially established to provide a means for collecting royalties for the duplication of articles from scientific and technical journals.¹⁷⁵ The Board of Directors of the CCC includes publishers, corporate executives, authors, and educators.¹⁷⁶

The CCC operates collective licensing systems that facilitate compliance with the copyright law and attempt to promote the constitutional purposes of copyright law.¹⁷⁷ According to the CCC's own Statement of Mission, the organization's purpose is threefold:

1. to act as an agent for domestic/foreign authors and publishers by

172. Gasaway, *supra* note 170, at 21.

173. COPYRIGHT CLEARANCE CTR., *Statement of Mission* (visited May 27, 1997) <<http://www.copyright.com>> [hereinafter *Statement of Mission*]. The CCC is one of 21 national RROs around the world. Joseph S. Alen, *Message from the President* (visited May 27, 1997) <<http://www.copyright.com>>.

174. S. REP. NO. 93-983, at 122 (1974).

175. Jonathan A. Franklin, *Digital Image Reproduction, Distribution and Protection: Legal Remedies and Industrywide Alternatives*, 10 SANTA CLARA COMPUTER & HIGH TECH. L.J. 347, 361 (1994). See STANLEY M. BESEN & SHEILA N. KIRBY, *COMPENSATING CREATORS OF INTELLECTUAL PROPERTY: COLLECTIVES THAT COLLECT* 47 (1989).

176. COPYRIGHT CLEARANCE CTR., *Board of Directors* (visited May 27, 1997) <<http://www.copyright.com>>.

177. *Statement of Mission*, *supra* note 173, at 1.

providing them with the efficiencies of collective services through equitable collection and distribution of royalties for photocopying and electronic uses of their copyrighted printed works;

2. to provide all types of users with an efficient single source for licensed access to as broad a repertory of copyrighted works as possible; and
3. to continue development of collective licensing systems that meet the challenges of emerging information technologies.¹⁷⁸

Currently the CCC offers four different licensing services. The first, the Academic Permissions Service, provides a centralized system for academic coursepacks and classroom handouts.¹⁷⁹ The second, the Photocopy Authorizations License, caters specifically to companies with fewer than 500 employees.¹⁸⁰ The next two, the Transactional Reporting Service and the Annual Authorization Service, are more applicable to large research oriented corporations, such as Texaco.¹⁸¹

The Transactional Reporting Service ("TRS") was the first service offered by the CCC beginning in 1978.¹⁸² The TRS is actually intended for the occasional photocopier and requires that the user report each article copied and the number of copies made.¹⁸³ The TRS license provides photocopiers with permission to copy from any CCC-registered publication for a fee of approximately three dollars per article.¹⁸⁴ These fees are individually set by the copyright owners. Users are billed based on their reported amount of photocopying. Currently, a TRS license provides users with immediate authorization to make photocopies of articles found in over 1.75 million publications from over 9200 publishers worldwide.¹⁸⁵

The TRS requires users to determine which photocopying transactions demand a payment of royalties and report those transactions via a log sheet to the CCC.¹⁸⁶ The CCC then aggregates all of the reports, sends a monthly invoice to the user and distributes the collections to the appropriate rightsholders after deducting transactional expenses.¹⁸⁷ Originally, the TRS required users to identify the

178. *Id.*

179. COPYRIGHT CLEARANCE CTR., *Creating Copyright Solutions* (visited May 27, 1997) <<http://www.copyright.com>> [hereinafter *Creating Copyright Solutions*].

180. *Id.*

181. *Id.*

182. *American Geophysical Union v. Texaco, Inc.*, 802 F. Supp. 1, 7 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994), *amended and superseded*, 60 F.3d 913 (2d Cir. 1994).

183. Franklin, *supra* note 175, at 361.

184. *Texaco*, 802 F. Supp. at 7.

185. *Creating Copyright Solutions*, *supra* note 179.

186. Katina Strauch, *Interview with Joseph S. Alen*, in *AGAINST THE GRAIN*, Feb. 1995, at 20.

187. *Id.*

specific articles being copied, but users objected to this requirement because they feared it could give information to their competition as to where their research efforts were being concentrated.¹⁸⁸ The CCC has since eliminated this requirement.¹⁸⁹ Today, a user must report the journal's International Standard Serial Number, publication year, and the fee set by the publisher.¹⁹⁰

The Annual Authorization Service ("AAS") was developed at the request of some corporate users to reduce the administrative hassles of the TRS. The AAS is intended for larger corporations that engage in large amounts of photocopying. Currently, over 6000 corporations hold an AAS license.¹⁹¹ This list includes more than 75% of the "Fortune 100" companies.¹⁹²

The CCC worked with a group of MIT and Harvard econometric experts to develop the AAS license.¹⁹³ This license is based upon the following: taking a sample of photocopy activity at machines in each user company, combining the results by industry, and using those results to estimate an individual corporation's amount of use.¹⁹⁴ This complex statistical model uses industry averages and the prices set by the copyright holders to calculate a single, annual license fee for each user entity.¹⁹⁵ Payment of this single fee permits the corporation to photocopy any of the titles registered with the CCC, which then distributes the licensing fees based on the model.¹⁹⁶ An AAS license is valid for one year and may be renewed for another year.¹⁹⁷ After this two-year period, a new AAS license may be obtained.¹⁹⁸

Interestingly, the CCC is unique in that foreign RROs operate under national statutes which allow them to license almost 100% of published titles.¹⁹⁹ For example, Germany's licensing system is based upon a levy that is placed on each photocopy machine which is paid by the machine's manufacturer to the RRO.²⁰⁰ The CCC operates on a purely contractual basis, which is the reason that it has taken so many years to become fully operational.²⁰¹

188. *Texaco*, 802 F. Supp. at 7.

189. *Id.*

190. *Id.* at 8.

191. *Creating Copyright Solutions*, *supra* note 179.

192. COPYRIGHT CLEARANCE CTR., ANNUAL REPORT TO RIGHTSHOLDERS 3 (1995) [hereinafter CCC ANNUAL REPORT]. A sampling of companies holding an AAS license include the following: Exxon, Mobil Oil, Amoco, Marathon Oil, Phillips Petroleum, Allied Signal, Dupont, Eastman Kodak, Dow Corning, General Electric, IBM, Polaroid, 3M, and Texas Instruments. *Texaco*, 802 F. Supp. at 8-9.

193. Strauch, *supra* note 186, at 20.

194. *Id.*

195. *Id.*

196. *Id.*

197. *Texaco*, 802 F. Supp. at 8.

198. *Id.*

199. Strauch, *supra* note 186, at 22.

200. *Id.* at 24.

201. *Id.* at 22.

The CCC has enjoyed a strong pattern of growth recently, with Fiscal Year ("FY") 1994 being its best ever.²⁰² The CCC distributed over \$18 million in royalties in FY 1994.²⁰³ To demonstrate the unprecedented growth experienced by the CCC, the \$32 million of royalties distributed in FY 1993 and 1994, combined, represent 60% of all such royalties paid since the CCC began in 1978.²⁰⁴ With the *Texaco* decision, these figures should continue to grow at an even faster rate.

III. EXAMINING THE FOURTH FACTOR AND DEFINING THE MARKET

As stated previously, the fourth statutory fair use factor consists of "the effect of the use upon the potential market for or value of the copyrighted work."²⁰⁵ After examining the *Texaco* decision, the definition of "the market" used in the analysis seems even more unclear. More importantly, whether the licensing system now provided by the CCC qualifies as a market, which was the issue on which the *Texaco* decision turned, is a debatable point. This section will examine the fourth factor and seek a definition of "the market" by analyzing the legislative intent behind the statutory language, discussing the relevant case law, and summarizing the view of a leading authority on copyright law.

A. Legislative Intent

Unfortunately, the "legislative history of the 1976 Copyright Act is, at the very least, a troublesome aid in determining the statute's meaning."²⁰⁶ Generally, the credit for any given provision's language belongs more to interested parties²⁰⁷ than to the members of Congress who debated the bill.²⁰⁸ The process was actually set up so that viable compromises could emerge from among the various parties with interests in copyright revision.²⁰⁹ Therefore, by the time the House and Senate subcommittees began holding hearings on copyright revision, these interested parties, who had participated in the pre-legislative meetings, had already agreed upon the basic structure and approach.²¹⁰ However, specifics regarding the language of certain sections, including the section on fair use, remained hotly contested topics.

Because the judicially created doctrine of fair use was difficult to define generally and required the balancing of competing interests, in 1958, Congress

202. CCC ANNUAL REPORT, *supra* note 192, at 1.

203. *Id.*

204. *Id.*

205. 17 U.S.C. § 107(4) (1994).

206. Litman, *supra* note 47, at 870.

207. See *Blanchard v. Bergeron*, 489 U.S. 87, 98 (1989) (Scalia, J., concurring) (arguing that one danger of judges using committee reports and the like is the potential for lobbyists to have favorable language inserted in them).

208. Litman, *supra* note 47, at 870.

209. *Id.* at 872.

210. *Id.*

authorized the Latman Study to examine codification of fair use.²¹¹ Of the nine experts who reviewed this study, eight believed that fair use should not even be codified.²¹² Based on the study, these experts believed that fair use defied definition and that it would be better left to the courts to apply such a doctrine.²¹³ Others, including Melville Nimmer and the Register of Copyrights, believed that the new act should contain express recognition of the fair use doctrine because it arose so frequently.²¹⁴

The specific problem addressed in *Texaco* was recognized by the Register's initial report in 1961.²¹⁵ This report, which recommended that the statute include a provision affirming and indicating the scope of fair use, recognized that:

Researchers need to have available, for reference and study, the growing mass of published material in their particular fields. This is true especially, though not solely, of material published in scientific, technical, and scholarly journals. . . .

On the other hand, the supplying of photocopies of any work to a substantial number of researchers may diminish the copyright owner's market for the work.²¹⁶

By 1966, the same committee purposefully emphasized that the inclusion of a fair use doctrine was intended only "to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way."²¹⁷ Also, the committee noted that the doctrine should not be frozen in the statute, especially during periods of rapid technological change.²¹⁸ These themes were echoed throughout the revision process.

With regard to the fourth factor, the committee stated that even though it is often the most important of the criteria of fair use, it must always be judged with the other criteria.²¹⁹ The committee also pointed out that "a use which supplants any part of the normal market for a copyrighted work would ordinarily be considered an infringement."²²⁰ The committee added that "[i]solated instances of minor infringements, when multiplied many times, become in the aggregate a

211. Kasunic, *supra* note 63, at 277.

212. *Id.*

213. *Id.*

214. *Id.* at 278.

215. HOUSE COMM. ON THE JUDICIARY, 87TH CONG., 1ST SESS., COPYRIGHT LAW REVISION: REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (1961), reprinted in 3 GEORGE S. GROSSMAN, OMNIBUS COPYRIGHT REVISION LEGISLATIVE HISTORY 25 (1976).

216. *Id.*

217. H.R. REP. NO. 89-2237 (1966), reprinted in 11 GROSSMAN, *supra* note 215, at 61.

218. *Id.*

219. *Id.* at 64.

220. *Id.*

major inroad on copyright that must be prevented."²²¹ Each of these statements is useful for gaining an understanding of the fourth factor, and each was repeated verbatim in later Senate reports on Copyright revision.

The 1975 House Committee report contained no direct reference to the meaning of the fourth factor.²²² The report was careful to point out, however, that "since the doctrine [of fair use] is an equitable rule of reason, no generally applicable definition is possible"²²³ The 1976 Senate report also provided little if any guidance on the meaning of the fourth factor. Although this report addressed the fourth factor directly, it did so by adopting language of the committee reports, as previously noted.²²⁴

Because the House and Senate passed different versions of the fair use doctrine,²²⁵ the language used was forced once again to be amended through compromise.²²⁶ Although compromise language was finally agreed upon by all parties with an interest in the fair use doctrine, no agreement existed on exactly what that language meant and Congress adopted the compromise language verbatim.²²⁷ As stated at the beginning of this section, the legislative history provides little guidance for determining the meaning of "the market" that is referred to in the fourth statutory factor. Therefore, the relevant case law must be analyzed to aid in determining the meaning.

B. Case Law

1. *Supreme Court Cases.*—The Supreme Court has issued decisions in only four fair use cases.²²⁸ Each of these cases will be examined with a focus on the Court's treatment of the fourth statutory factor.

The first case, *Sony Corp. of America v. Universal City Studios, Inc.*,²²⁹ involved a copyright infringement action brought by owners of copyrights on television programs against manufacturers of home videotape recorders. The Court held that private, noncommercial home taping of television programs was fair use, and the sale of the recorders to the public was not contributory infringement.²³⁰

In discussing the fourth statutory factor, the Court quickly pointed out that the purpose of copyright law is to provide incentives for creative effort and that even copying for noncommercial purposes may impair a copyright holder's ability to

221. *Id.*

222. H.R. REP. NO. 94-1476 (1975), *reprinted in* 17 GROSSMAN, *supra* note 215, at 65-67.

223. *Id.* at 65.

224. S. REP. NO. 94-473 (1975), *reprinted in* 5 NIMMER, *supra* note 54, app. 4a, at 115.

225. *See* THE CONFERENCE REPORT ON THE COPYRIGHT ACT OF 1976, H.R. REP. NO. 94-1733 (1976), *reprinted in* 5 NIMMER, *supra* note 54, app. 5, at 3-4.

226. Litman, *supra* note 47, at 876.

227. *Id.* at 877.

228. Frank & Higgins, *supra* note 28, at *6.

229. 464 U.S. 417 (1984).

230. *Id.* at 456.

obtain the rewards Congress intended the owner to have.²³¹ However, the Court added that “a use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author’s incentive to create.”²³²

The Court in *Sony* also brought the for-profit/nonprofit distinction from the first statutory fair use factor squarely into its fourth factor analysis.²³³ The Court held that a commercial use was presumptively unfair.²³⁴ The Court then distinguished a noncommercial use by stating that “[a] challenge to a noncommercial use of a copyrighted work requires proof either that the particular use is harmful, or that if it should become widespread, it would adversely affect the potential market for the copyrighted work.”²³⁵ According to the Court, neither actual present harm, nor certainty that future harm would result needed to be shown.²³⁶ The majority only required a showing by a preponderance of the evidence that some meaningful likelihood of future harm exists.²³⁷ If the use was for commercial gain, the court would presume that likelihood, but if the use was for a noncommercial purpose, as was the case in *Sony*, such a likelihood would have to be demonstrated.²³⁸

In 1985, the Supreme Court considered its second fair use case, *Harper & Row, Publishers, Inc. v. Nation Enterprises*.²³⁹ A divided Court held that a magazine’s unauthorized publication of verbatim quotes from President Ford’s unpublished memoirs, which supplanted the copyright holder’s right of first publication, was not fair use.²⁴⁰ The defendant magazine had secretly obtained the memoirs and published an article including excerpts from the memoirs before another magazine which had executed a prepublication agreement, could run its own story. The contracting magazine then canceled its agreement, thus diminishing the value of the copyright.

When discussing the effect on the potential market, the majority declared that “[t]his last factor is undoubtedly the single most important element of fair use.”²⁴¹ Quoting *Nimmer*, the majority also noted that fair use is limited to copying by others which does not materially impair the marketability or adversely affect the value of the rights of the work which is copied.²⁴² In this case, the trial court found not just a potential, but an actual effect on the market of the copyright because the magazine that had contracted for the use of the material refused payment once the

231. *Id.* at 450.

232. *Id.*

233. *Id.* at 451.

234. *Id.*

235. *Id.*

236. *Id.*

237. *Id.*

238. *Id.*

239. 471 U.S. 539 (1985).

240. *Id.* at 542.

241. *Id.* at 566.

242. *Id.* at 566-67.

defendant published its story.²⁴³ Thus the majority found this factor weighed in favor of the plaintiffs.²⁴⁴

The dissent in *Harper & Row* argued that the defendant had every right to seek to be the first to publish new information on Ford's work because copyright does not protect information, it protects literary form.²⁴⁵ According to the dissent, even though the plaintiff had every right to monopolize the market with a contractual agreement, it could not do so with a copyright because a copyright does not protect information alone.²⁴⁶

The Supreme Court did not consider fair use again until 1990, when it decided *Stewart v. Abend*.²⁴⁷ In this case, the writer of a short story sold the film rights to his story and agreed to sell the same rights upon the renewal of the copyright. The writer died prior to the renewal, and the holders of the film rights, by this time a group that included Alfred Hitchcock and Jimmy Stewart, continued to exploit the film even though their rights had not been renewed when the writer's executor renewed the copyright. Although the principal issue was whether the owners of the derivative work had infringed the rights of the successor owner of the original work, the Court also held that the filmmakers' use of the short story as a basis for the derivative motion picture was not fair use.²⁴⁸

The majority opinion, which provided only a brief analysis of the fourth fair use factor, reiterated that the fourth factor was the most important to be considered.²⁴⁹ The majority then succinctly concluded that the re-release of the film impinged on the ability to market new versions of the story, thus weighing this factor against fair use.²⁵⁰

The last fair use case considered by the Supreme Court was *Campbell v. Acuff-Rose Music, Inc.*²⁵¹ In this case, the copyright holders of the song, "Oh, Pretty Woman" sued a music group for infringement based on a rap version of the song that it had created. The Supreme Court held, in a unanimous decision, that the rap parody of the original qualified as fair use.²⁵²

Noticeably absent from the Court's analysis of the fourth factor in *Campbell* was any reference to its supremacy over the other three factors. Instead, the Court noted that all of the factors should be explored and the results weighed together in light of the purposes of copyright.²⁵³ This represented a rather significant shift

243. *Id.* at 567.

244. *Id.* at 569.

245. *Id.* at 603 (Brennan, J., dissenting).

246. *Id.*

247. 495 U.S. 207 (1990).

248. *Id.* at 238.

249. *Id.*

250. *Id.*

251. 510 U.S. 569 (1994).

252. *Id.* at 594.

253. *Id.* at 578; see also *American Geophysical Union v. Texaco, Inc.*, 802 F. Supp. 1, 20-21 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994), *amended and superseded*, 60 F.3d 913 (2d Cir. 1994).

away from the “undoubtedly the single most important element of fair use” language of *Harper & Row*.²⁵⁴

In a second major shift in fourth factor analysis, the Court in *Campbell* also distinguished the presumption of a likelihood of significant market harm if an intended use is for a commercial gain, which was first announced in the *Sony* decision.²⁵⁵ According to *Campbell*, “[n]o ‘presumption’ or inference of market harm that might find support in *Sony* is applicable to a case involving something beyond mere duplication for commercial purposes.”²⁵⁶ The Court additionally stated:

what *Sony* said simply makes common sense: when a commercial use amounts to mere duplication of the entirety of an original, it clearly “supersede[s] the objects,” of the original and serves as a market replacement for it, making it likely that cognizable market harm to the original will occur. But when, on the contrary, the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred.²⁵⁷

The Court noted that the market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop.²⁵⁸ Under the facts of *Campbell*, for example, the Court explained that the law recognized no derivative market for critical works because of the unlikelihood that copyright owners will license critical reviews of their works.²⁵⁹

2. *Other Federal Cases.*—Only a few other cases have aided in clarifying the analysis of the fourth factor. One such case, *Princeton University Press v. Michigan Document Services, Inc.*, was recently decided en banc by the Sixth Circuit.²⁶⁰ In that case, publishers of copyrighted works brought an infringement action against a commercial copying service that produced “coursepacks” for university students without paying the permission fees that the publishers had been charging. In ruling against fair use, the court specifically held that evidence of lost permission fees suffered by the publishers demonstrated a diminution in potential market value of the copyrights.²⁶¹ The court also flatly rejected the defendants’ “circularity argument” by relying on the reasoning of the court of appeals majority in *Texaco* and finding a viable licensing market already in existence.²⁶²

In *Twin Peaks Productions, Inc. v. Publications International, Ltd.*, the court stated that in cases where it had found the fourth factor to favor the defendant, the

254. See *supra* note 241.

255. *Campbell*, 510 U.S. at 591.

256. *Id.*

257. *Id.* (citations omitted).

258. *Id.* at 592.

259. *Id.*

260. 99 F.3d 1381 (6th Cir. 1996).

261. *Id.* at 1386-87; see also *Basic Books, Inc. v. Kinko’s Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. 1991) (holding on similar facts that such copying was not fair use).

262. *Princeton Univ. Press*, 99 F.3d at 1387-88.

defendant's work had filled a "market niche" that the plaintiff simply had no interest in occupying.²⁶³ The court in *Pacific & Southern Co. v. Duncan* added that some uses might not threaten an original work because the user profits from an activity that the copyright owner could not possibly take advantage of anyway.²⁶⁴ Both of these cases were noted by the court of appeals majority in *Texaco*.²⁶⁵

C. *Nimmer's Evaluation*

Nimmer on Copyright is one of the definitive works of copyright law. This work, which has been cited several times in this Note, is often cited in cases involving copyright issues.²⁶⁶

Nimmer makes several observations concerning the fourth fair use factor. First, *Nimmer* notes that this factor has been characterized as striking a balance between the benefit that the public will gain from the use and the personal gain that the copyright owner will obtain if the use is denied.²⁶⁷ Only the impact of the use of material that is actually protected by the copyright should be considered under the fourth factor.²⁶⁸ Therefore, "a court need not take into account the adverse impact on the potential market for plaintiff's work by reason of defendant having copied from plaintiff noncopyrightable factual material."²⁶⁹

Nimmer also recognizes the danger of circularity, which was raised in *Texaco*. *Nimmer* characterizes this circularity in the following manner:

a potential market, no matter how unlikely, has always been supplanted in every fair use case, to the extent that the defendant, by definition, has made some actual use of plaintiff's work, which use could in turn be defined as the relevant potential market. In other words, it is a given in every fair use case that plaintiff suffers a loss of a *potential* market if that potential is defined as the theoretical market for licensing the very use at bar.²⁷⁰

Even the characterization by the Court in *Twin Peaks* of filling a niche that the plaintiff has no interest in occupying does not completely solve the problem, because a plaintiff can always claim that he or she wished to reserve the future

263. 996 F.2d 1366, 1377 (2d Cir. 1993).

264. 744 F.2d 1490, 1496 (11th Cir. 1984), *on remand*, 618 F. Supp. 469 (N.D. Ga. 1985), *aff'd*, 792 F.2d 1013 (11th Cir. 1986).

265. *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 930 (2d Cir. 1994).

266. *See generally* *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985); *American Geophysical Union v. Texaco Inc.*, 802 F. Supp. 1, 17 (S.D.N.Y. 1992), *aff'd*, 37 F.3d 881 (2d Cir. 1994), *amended and superseded*, 60 F.3d 913 (2d Cir. 1994)..

267. 3 NIMMER, *supra* note 54, § 13.05[A][4] at 13-185 (quoting *MCA, Inc. v. Wilson*, 677 F.2d 180 (2d Cir. 1981)).

268. 3 *id.*

269. 3 *id.* at 13-185 to 13-186.

270. 3 *id.* at 13-188 to 13-191 (emphasis in original) (citations omitted).

right to enter that niche.²⁷¹ *Nimmer* acknowledges that the district court's opinion in *Texaco*, which inquired into the existence of a convenient and reasonably priced procedure to obtain the copies sought and a failure to use that procedure, is one possible solution to the problem.²⁷²

IV. PROPOSAL FOR FOURTH FACTOR ANALYSIS WITH REGARD TO PHOTOCOPYING

Where does this analysis of the fourth statutory fair use factor lead with respect to photocopying? The current analysis leads to the problems raised in *Texaco*. These problems focus on whether the CCC presents a traditional, reasonable, or likely to be developed market. Also, the problem of circular reasoning when analyzing the fourth factor for photocopy licensing does not appear to be solved by the *Texaco* decision. In fact, as the first major corporate defendant in this type of action, *Texaco* may have been surprised by the initial lawsuit. More specifically, *Texaco's* claim that such photocopying was reasonable and customary was a valid and strong argument. *Texaco* was not just claiming ignorance of the copyright law; it was claiming fair use.

As mentioned, in addressing the issue of the photocopying of scientific or technical material and fair use, *Nimmer* recognizes the current licensing procedure as an issue which remains open to see whether market forces will lead to a fully effective system.²⁷³ One possible solution addressed by *Nimmer* is an attempt by Congress to strike a more satisfactory balance between the interests of authors and users in the photocopying sphere.²⁷⁴ In fact, almost two years before the enactment of the Copyright Act of 1976, Congress created the National Commission on New Technological Uses of Copyrighted Works ("CONTU").²⁷⁵ The purpose of CONTU was to study and compile data on the reproduction and use of copyrighted material by various forms of machine reproduction and to make recommendations as to such changes in copyright law that may be necessary.²⁷⁶ CONTU's Final Report, issued in 1978, supported a "wait-and-see attitude toward recommending major changes in [the new Act's] photocopying provisions."²⁷⁷ To date, Congress has followed that recommendation.

Therefore, under the existing law, what can be done to help resolve some of the problems that currently exist when the fair use doctrine is applied to photocopying of scientific articles? Although no simple solution exists, the author offers the following recommendation as one way to clarify the analysis of the

271. 3 *id.* at 13-189.

272. 3 *id.* § 13.05[A][5], at 13-194 (citing *American Geophysical Union v. Texaco, Inc.* 802 F. Supp. 1, 18 (S.D.N.Y. 1992)).

273. 3 *id.* § 13.05[E], at 13-258.

274. 3 *id.*

275. 3 *id.* at 13-258 to 13-259.

276. 3 *id.*

277. 3 *id.* (quoting FINAL REPORT OF THE NATIONAL COMMISSION ON NEW TECHNOLOGICAL USES OF COPYRIGHTED WORKS 48 (1978)).

fourth fair use factor.

Participation in the CCC, as either a copyright holder or a photocopier, should be the sole criteria examined by the courts when analyzing the effect on the potential licensing market for photocopying scientific or technical articles. From the perspective of the copyright owners, generally the publishers of the articles, courts should treat participation in the CCC as a kind of “constructive notice” to potential photocopiers of the owner’s intention to enforce its rights.²⁷⁸ Conversely, from the perspective of a potential photocopier, if that party demonstrates that it attempted to locate the particular publication within the CCC’s system to pay a licensing fee but found that it was not registered, then the fourth statutory factor should weigh in favor of the photocopier. Photocopying documents not registered with the CCC could be likened to filling a market niche that the copyright owner has shown no interest in occupying.²⁷⁹

Although this proposal, like any other, has its disadvantages,²⁸⁰ it does at least address both of the problems outlined by the dissent in *Texaco*,²⁸¹ namely that the market for licensing provided by the CCC is cumbersome and not fully realized.²⁸² First, as pointed out by the *Texaco* dissent, the licensing system of the CCC is cumbersome because users are not guaranteed a “safe harbor” just because they have determined a particular publication is not registered with the CCC. Currently, users must still check with individual publishers to determine if they wish to exercise their rights under the copyright. The transaction costs of such a venture for large corporations would be intolerable.²⁸³

278. “[T]he propriety of the defendant’s conduct is relevant to the character of the use at least to the extent that it may knowingly have exploited a purloined work for free that could have been obtained for a fee.” *Los Angeles News Serv. v. KCAL-Channel 9*, 108 F.3d 1119, 1121 (9th Cir. 1997) (internal quotation marks and citations omitted).

279. See *supra* note 263 and accompanying text.

280. One such disadvantage could occur if authors or publishers holding copyrights begin to charge outrageous prices, through the CCC, for copies of their works. However, a court would be free to consider in its fourth factor analysis the reasonableness of the price. If, on the other hand, an author wishes to discourage or prevent photocopying at any price, he could register his work with the CCC with specific instructions not to allow any photocopying. This would protect the author’s rights and put would be photocopiers on notice of the author’s intentions.

281. *American Geophysical Union v. Texaco, Inc.* 60 F.3d 913, 937 (2d Cir. 1994) (Jacobs, J., dissenting).

282. Because *Catalysis* was registered with the CCC at the relevant time, and *Texaco* did not attempt to obtain a license for its photocopying or register this photocopying under its TRS license, under this proposal, the court of appeals decision was correct. But see Karen L. Still, Comment, *American Geophysical Union v. Texaco, Inc.: Expanding the Copyright Monopoly*, 29 GA. L. REV. 1233, 1252-57 (1995) (criticizing the decision and the court’s analysis of the fourth factor).

283. The dissent in *Texaco* actually pointed out that:

[u]nless each publisher’s licensing rights are made to depend upon whether or not that publisher participates in the CCC, we have the beginnings of a total market failure: with many thousands of scientific publications in circulation, a user cannot negotiate licensing fees individually with numerous publishers—unless it does nothing else.

Under this proposal of looking only to CCC registration in the fourth factor analysis, the cumbersome aspects of the current system would be greatly reduced. Potential photocopiers would no longer have to worry about infringing the rights of non-registered copyright holders because the courts would presume these holders do not wish to exercise their rights. Of course, this proposal could be viewed as presenting an impediment to the copyright owner's freedom to contract and license his rights privately. However, even when the copyright owner registers with the CCC, that owner retains the right to name the price per copy that is to be charged. The copyright owner would also still be free to enter into individual agreements; however, the owner of a non-registered work could not claim infringement by a photocopier who had checked for registration with the CCC.

By reducing the worry of private enforcement of rights, only the internal system of the CCC would need to be examined for ease of use. Although the CCC system is still evolving, the strides it has made recently to become more user friendly indicate that in the near future ease of operation would not pose any significant problems. Currently, a potential user can register with the CCC online, which can instantly provide the user with a transactional license. This represents a major improvement, even from the time of the *Texaco* district court decision in 1992. For large corporations, the annual license eliminates the need to oversee each photocopying transaction and can be complied with by a simple yearly payment. These systems promise to improve with time; therefore, with an eye on the future, they should not be considered too cumbersome to utilize now.

Considering only CCC registration when analyzing the fourth factor would also allow the market to become fully realized. The *Texaco* dissent pointed out that only 30% of scientific and technical journals are even registered with the CCC.²⁸⁴ Although that percentage is increasing every day, and is sure to increase at an even faster rate following the *Texaco* decision, those publications not registered would no longer pose a problem because non-registration would be viewed as consent to photocopying. In other words, if courts adopted this method of fourth factor analysis, the market would be fully realized instantly. However, even though the CCC is a nonprofit organization, this proposal could dramatically increase the demand for its services. Eventually, this could require congressional action to regulate this licensing system and ensure that copyright holders are charging reasonable fees for the photocopies.

Another advantage of this proposal is that it will eliminate the danger of circular reasoning. Recall that this circularity can be described as occurring because the market will not crystallize unless courts reject the fair use argument, but such a use cannot be an infringement unless there is a market to be harmed.²⁸⁵ The proposal accepts the existence of a non-cumbersome, fully realized licensing market, and determines the outcome of the fourth fair use factor based on registration alone. Therefore, by shifting the focus of the analysis to registration,

Texaco, 60 F.3d at 937 (Jacobs, J., dissenting).

284. *Id.*

285. *Id.*

a finding of infringement is no longer necessary to crystallize the market.

This Note is not advocating completely ignoring additional subscriptions and sales of articles through means outside of licensing. Both the district court and court of appeals in *Texaco* properly considered each of these under the fourth factor. However, each court also found these elements provided little guidance in weighing the fourth factor because the licensing of photocopies was the emerging market.²⁸⁶ Also, this proposal is limited to cases factually similar to *Texaco*. This only includes situations where a for-profit corporation is making photocopies of scientific or technical articles as part of its ongoing research. Although this type of photocopying would encompass a large portion of CCC users, the CCC also caters to educational users, an area which is beyond the scope of this Note.²⁸⁷ Neither this proposal nor any other proposal will solve all the problems facing fair use analysis with respect to corporate photocopying. However, the instant proposal is one way of protecting the rights of copyright owners who want those rights protected, and reducing the burden on entities that want to photocopy legally.

CONCLUSION

The fair use defense to copyright infringement does not contain a bright line test. Instead, it is a doctrine that must be applied on a case-by-case basis. *Texaco* unsuccessfully claimed this defense in a case that involved corporate photocopying of scientific articles for use in research conducted by that corporation. As demonstrated by that case, the fourth statutory factor of fair use, the effect of the use upon the potential market, is one of the main issues for debate when the fair use defense is raised. However, the development of the CCC, which provides a market for licensing the photocopying of such articles, is narrowing the application of the fair use defense to photocopying by corporations. In order to protect the rights of copyright holders and the right of the public to dissemination of the information contained in these articles, the CCC licensing system should be recognized as a legitimate market and should be the sole criteria examined by courts when weighing the fourth statutory fair use factor in cases of corporate photocopying of scientific articles.

286. See generally Martin, *supra* note 55, at 392 (advocating a narrow application of the fair use defense to photocopying if rights can be acquired via a reasonable licensing fee).

287. See generally Mary R. Barry, *Multiple Photocopying by Educators and the Fair Use Doctrine: The Court's Role in Reducing Transaction Costs*, 1994 U. ILL. L. REV. 387, 414 (advocating courts weighing CCC participation heavily in determining damages to provide incentives for both educators and copyright owners to participate which will result in efficient allocation of resources).



Statement of Ownership, Management, and Circulation
(Required by 39 U.S.C. 3685)

| | | |
|--|---|---|
| 1. Publication Title Indiana Law Review | 2. Publication No. 0 0 9 0 - 4 1 9 8 | 3. Filing Date 09-20-96 |
| 4. Issue Frequency Quarterly | 5. No. of Issues Published Annually Four | 6. Annual Subscription Price \$25.00 |

7. Complete Mailing Address of Known Office of Publication (Street, City, County, State, and ZIP+4) (Not Printer)
735 W. New York St., Indianapolis, Marion, Indiana 46202-5194

8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not Printer)
735 W. New York St., Indianapolis, Indiana 46202-5194

9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do Not Leave Blank)

Publisher (Name and Complete Mailing Address) Indiana University School of Law-Indianapolis
735 W. New York St.
Indianapolis, Indiana 46202

Editor (Name and Complete Mailing Address) Sean O'Brien
735 W. New York St.
Indianapolis, IN 46202

Managing Editor (Name and Complete Mailing Address) Anthony Filomena
735 W. New York St.
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| | | | |
|---|--|---|---|
| 13. Publication Name Indiana Law Reivew | | 14. Issue Date for Circulation Data Below August 1996 | |
| 15. Extent and Nature of Circulation | | Average No. Copies Each Issue During Preceding 12 Months | Actual No. Copies of Single Issue Published Nearest to Filing Date |
| a. Total No. Copies (Net Press Run) | | 1165 | 1675 |
| b. Paid and/or Requested Circulation (1) Sales Through Dealers and Carriers, Street Vendors, and Counter Sales (Not Mailed) | | 0 | 600 |
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| d. Free Distribution by Mail (Samples, Complimentary, and Other Free) | | 70 | 70 |
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| i. Total (Sum of 15g, 15h(1), and 15h(2)) | | 1165 | 1675 |
| Percent Paid and/or Requested Circulation (15c / 15g x 100) | | 89% | 93% |

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